

JPRS-WER-85-103

24 December 1985

# West Europe Report

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

24 December 1985

## WEST EUROPE REPORT

## CONTENTS

## POLITICAL

## AUSTRIA

- Jankowitsch on Neutrality, Detente, Foreign Policy  
(Peter Jankowitsch; WIENER ZEITUNG, 25 Oct 85)..... 1

## FEDERAL REPUBLIC OF GERMANY

- FDP Stabilizes, Strengthens Position in Coalition  
(Rolf Zundel; DIE ZEIT, 1 Nov 85)..... 6

## FINLAND

- Communist Chairman Aalto Sees Westward Foreign Policy Tilt  
(KANSAN UUTISET, 14 Oct 85)..... 11
- Poll Examines Attitudes Regarding Government Ministers  
(Tuomo Lappalainen; SUOMEN KUVALEHTI, 4 Oct 85)..... 13
- Long Outcast Conservatives Become Center of Attention  
(Jukka Knuuti; UUSI SUOMI, 7 Oct 85)..... 19

## FRANCE

- Pfister Book on Mitterrand, PSF Figures Controversial  
(LIBERATION, 19 Nov 85; LE FIGARO, 15 Nov 85)..... 21
- Pfister Discusses Book, Thierry Pfister Interview 21
- PSF Editor on Book 26
- Book Reviewed, by Eric Dupin 27
- Conservative Press Comments, by Alain-Gerard Slama 29
- Bothorel Remarks, by Jean Bothorel 32

## GREECE

Possible KKE (Ext)-KKE (Int) Rapprochement Noted (I KATHIMERINI, 2 Dec 85).....	34
Opposite Tendencies Reported Fighting Within PASOK Youth (P. Papagiorgopoulos; I KATHIMERINI, 3 Dec 85).....	35
Briefs	
ND Deputy Disciplined	38

## ITALY

Briefs	
New PSDI Leadership	39

## LUXEMBOURG

Army Minister on Improvement of Internal Security (Marc Fischbach Interview; LUXEMBURGER WORT, 7 Nov 85).....	40
--	----

## PORTUGAL

Political Influence of Military, Church Discussed (EXPRESSO, 9 Nov 85; DIARIO DE NOTICIAS, 12 Nov 85).....	43
No More Military Candidates, by Maria Clara Mendes	43
Military, Religious Influence, by Jofre Justino	44
PCP-PRD Seen United Against Pintasilgo (Marcelo Rebelo de Sousa; SEMANARIO, 19 Oct 85).....	48
Jardim Discusses Reasons for Needed Constitutional Changes (Alberto Joao Jardim; TEMPO, 18 Oct 85).....	53
Briefs	
Presidential Election Date	57
National Assembly Dissolution	57

## SPAIN

Carrillo To Persevere No Matter What (Santiago Carrillo Interview; TIEMPO, 28 Oct 85).....	58
Recent Immigrants Seen as Causing Social Frictions (Carmen Ramirez de Ganza; EPOCA, 21 Oct 85).....	63

## TURKEY

Paper Compares Promises, Accomplishments of MP (CUMHURIYET, 6 Nov 85).....	69
---	----



## MILITARY

### AUSTRIA

National Defense Plan Summarized (Walter Fuernholzer; OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT, No 5, Sep/Oct 85).....	74
--	----

### FEDERAL REPUBLIC OF GERMANY

Luftwaffe Activates First Reserve Fighter-Bomber Squadron (LUFTWAFFE, Oct 85; LOYAL, Oct 85).....	90
Mixed Reserve, Regular Personnel, by Wolfdietrich Hoeveler	90
Second Squadron Possible, by Peter Raabe	94

### FRANCE

Reactions to General Arnold's Public Criticism of Military (LE FIGARO, 2-3 Nov 85).....	96
Defense Policy Consensus Ends, by Xavier Marchetti	96
Tank Strategy Faulted, by Pierre Darcourt	97

### ITALY

Briefs	
1986 Defense Budget Figures	99

### NETHERLANDS

Van Houwelingen Urges More Modern Defense Industry (Pieter Maessen; NRC HANDELSBLAD, 23 Oct 85).....	100
CDA Group Wants Nuclear Role for 155 MM Howitzer (Hans Goessens; DE VOLKSKRANT, 18 Oct 85).....	105

### NORWAY

NATO 'Fire Brigade' Gets Italian General as New Commander (Liv Hegna; AFTENPOSTEN, 7 Nov 85).....	108
Ministry Issues New Regulations To Protect Classified Data (AFTENPOSTEN, 6 Nov 85).....	110
Foreign Registering of Merchant Marine Seen Hurting Defense (Liv Hegna; AFTENPOSTEN, 8 Nov 85).....	112
Ministry Backs Greater Budget Powers for Forces' Commander (Liv Hegna; AFTENPOSTEN, 7 Nov 85).....	114

Storting Approves Supplementary Defense Appropriations (Einar Solvoll; AFTENPOSTEN, 6 Nov 85).....	116
---	-----

Naval Supply Command Chief on Personnel Problems, Updating (AFTENPOSTEN, 5 Nov 85).....	118
--	-----

## SPAIN

Unrest in Civil Guard Over Unionization Issue (CAMBIO 16, 21 Oct 85).....	120
--	-----

PSOE Aims To Change Military Curriculum (Miguel Angel Liso; CAMBIO 16, 21 Oct 85).....	123
---	-----

## SWEDEN

Harmful Results for Navy From 1958 Defense Decision (Olof Bergman; DAGENS NYHETER, 13 Nov 85).....	126
---	-----

Paper Calls for Clarification on U-Boat Defense (Editorial; DAGENS NYHETER, 14 Nov 85).....	129
--	-----

## ECONOMIC

### FEDERAL REPUBLIC OF GERMANY

IFO Institute Reports Increased Investments, Production (SUEDEDEUTSCHE ZEITUNG, 9 Sep 85).....	131
---	-----

### GREECE

Significant EEC Loan To Stabilize Economy (N. Nikolaou, K. Keki; I KATHIMERINI, 19 Nov 85).....	133
--	-----

Large Increase Noted in Current Accounts Deficit (I KATHIMERINI, 23 Nov 85).....	136
---	-----

Details on 1986 Government Investment Program (I KATHIMERINI, 20 Nov 85).....	138
--	-----

Disappointing Prospects From Reduced Tourist Income (I KATHIMERINI, 28 Nov 85).....	141
--	-----

### SPAIN

Government Increases Family Deductions in Income Tax Reform (5 DIAS, 22 Sep 85).....	143
---	-----

IRPF: Tax Reform Will Cost 150 Billion Pesetas (5 DIAS, 13 Sep 85).....	146
IRPF: Tax Policy Discourages Investments (5 DIAS, 14 Sep 85).....	150

## ENERGY

### PORTUGAL

1984 Energy Production Statistics (DIARIO DE NOTICIAS, 10 Nov 85).....	154
---	-----

POLITICAL

AUSTRIA

JANKOWITSCH ON NEUTRALITY, DETENTE, FOREIGN POLICY

Vienna WIENER ZEITUNG in German 25 Oct 85 Supplement pp 1, 3

[Article by Peter Jankowitsch, Austrian Socialist Party spokesman on foreign affairs in the National Council: "More Than Sunny Sky Neutrality--Austria's Role in Europe and the World"]

[Text] The fact that Austrian neutrality--itself a product of detente politics--could benefit from decades of detente has no doubt been a decisive factor in the success of Austrian foreign policy to date. For all the benefits which accrue to neutrals in an era of detente, they must nevertheless develop a capacity for existing under political conditions which have very little to do with detente--as has been the case in recent years, and probably will in the years to come.

The essence of future Austrian foreign policy must therefore not be restricted to a simple appeal for a return to detente policy. On the contrary, Austrian neutrality must prove its ability to function and its applicability under difficult circumstances, to demonstrate that it is more than a "sunny sky" neutrality.

There is indeed little in today's international relations which would indicate a quick reemergence of those conditions which during the 1960s and 1970s produced the detente policies of that period. It would be the height of naivete to assume that detente is merely a function of the more or less peaceable attitude of Western and Eastern statesmen, and that therefore a mere change of administrations in Washington or Moscow would be sufficient to provide a fundamental change in international relations.

Today's relations between the superpowers are determined by structural causes which are to be found inside as well as outside the United States and the USSR. These structural changes have been responsible for breaking up what had appeared to be a permanent international consensus, whose nucleus was an implied U.S.-USSR agreement concerning their individual roles in international politics, and a demarcation of their mutual interests which was probably never clearly defined but seemed obvious nevertheless.

The basis of this consensus was on the one hand the realization that the pitiless logic of the nuclear age eliminates force in the relations between the atomic superpowers and that it therefore "condemns" them to an international partnership.



On the other hand, a decisive influence upon the emergence of this consensus was an insight into the limits of their respective capabilities: the United States became drastically aware of these limits in Vietnam; the USSR through constant challenges to its territorial ownership established in 1945, especially in the area of its security policy ramparts in Eastern Europe and as a result of China's emancipation.

The restraint practiced by both sides was furthered by an irresistible political and economic resurgence in Europe and partially in the Third World, which appeared to favor the emergence of additional poles in international politics. Their flourishing would have been tantamount to a permanent reduction of the world political role of the old superpowers. These conditions appear today to be entirely changed. The USSR as well as the United States have overcome earlier periods of relative weakness and have become more powerful than could have been predicted.

The Vietnam syndrome has long been overcome in the United States and has given way to a period of increased national self-esteem. As demonstrated by events in Poland, the USSR has, at least for the moment, retained its capability of "normalizing" threatening situations in the Eastern part of the continent. Thus today many forces appear considerably weakened which had appeared to limit U.S. or Soviet influence, especially outside their respective alliance spheres. Thus the world economic crisis affected primarily West and East Europe as well as many developing countries, without decisively impairing the economic strength of either the United States or the USSR, enabling both to assume a stronger economic as well as political stance vis-a-vis their junior partners.

This however puts the question of the relationship between the United States and the USSR into a different light. While the new situation appears to favor an extension or consolidation of the spheres of influence of the superpowers, it also gives rise to worries about the possible intentions of the other side: the superpowers' reaction to this is a preemptive propaganda "war", in which they accuse one another of increased aggressiveness and even warmongering.

Today's impaired relations between the United States and the USSR is therefore essentially a function of the failure or at least a weakening of other power centers, especially those in the Third World, and thus of the increased challenge to the "leadership qualities" of the revitalized superpowers after 1945. Inasmuch as experience to date indicates that the relations between the superpowers are determined not so much by insight but rather by external factors, many signs today point toward a continuation of today's unstable international relations, or of what Bruno Kreisky calls the "cold peace."

#### Neutrality and the East-West Conflict

One of the primary tasks of Austrian foreign policy for the coming years will consist therefore of reacting to an aggravated East-West conflict and to take a course in which Austria can preserve for itself a maximum of agility and latitude in such a cold climate.

This task, as I have mentioned before, will probably go beyond the confines of realistic politics, just as the East-West conflict increasingly assumes extra-European dimensions.

Tasks of this nature, particularly in the European East-West area, cannot remain restricted, especially in times of crisis, to the type of dialog mediation which is characteristic of classic, immobile neutrality politics. They must primarily include a patient search for a new basis for all-European cooperation. Such cooperation appears to be all the more important in a period during which there are indications of new tendencies toward disengagement and isolation. Cooperation offers new, or previously proven, foundations in the areas of energy policy, trade, or the protection of the European environment. All-European establishments could grow in these areas from beginnings which already exist within the framework of the EC and the CSCE.

This could further provide foundations for a new, realistic East-West relationship, with a detente based on new concepts.

Beyond that, Austria is faced with tasks concerning the stabilization of the international system beyond its immediate geographic sphere of influence. This would specifically include those facilities which have been created during the last few decades for the purpose of increased cooperation at all levels--and thus for settling conflicts: the international organizations.

#### The Erosion of the International System

One of the main causes for the spread of local conflicts all over the world, together with the increasing difficulties in bringing them under control, is without doubt the weakening of the system of international organizations, especially the United Nations. These manifestations of deterioration are based on the one hand on weaknesses and deficiencies of the system--among them a certain lack of leadership at the top echelon--on the other hand, on a conscious turning away by large and small powers from the UN as a forum for settling conflicts.

While as late as the early 1970s the UN was still the uncontested crisis management center for all major world crises, from the Near East to South Africa, from Cyprus to Kashmir, individual superpowers or groups of states have since then assumed this role--usually failing miserably.

As promising as this "bilateralization" of international relations appeared at the outset, so has the failure of using the conflict-settling potential of the UN been disastrous. Even though the United States brought all facets of its power to bear, it was unable to advance the peace process in the Near East--disregarding the partial success of Camp David--nor to settle the civil war in Lebanon. The USSR's attempts at providing security on their own--as in Afghanistan--were not much more successful.

But the distrust of international organizations, also stalled the North-South dialog and today paralyzes one international forum after another. Using the pretext of "politicization," great powers pull out of international organizations and thus condemn them to an uncertain fate.

But even international organizations (e.g., the OECD), which are to promote cooperation among homogeneous groups of Western industrialized nations, suffer from political debility. The real dialog on the other hand is becoming restricted to an increasingly exclusive club or summits which exclude the majority of states, but which frequently conclude agreements at the expense of third parties.

To counter this, the policy of small and medium-size states must be oriented toward keeping the international system functioning and to create elements of stability which would not be impaired by diminished or interrupted bilateral relationships. This constitutes a permanent and profitable point of emphasis for Austrian foreign policy.

#### Reinforcing Austrian Independence

It is obvious that the many and ambitious tasks facing Austrian foreign policy during the next few years can only be accomplished if all those elements are strengthened which involve the international value and esteem of Austrian independence.

They include primarily an energetic expansion of the economic and social base of Austrian independence, so as to protect our country against any attempts at blackmail on that score. Such a policy is tantamount to deep integration with world economic trends which have beneficial effects upon the economies of small countries also.

In this, the main emphasis of Austrian economic relations will lie unequivocally within the OECD framework, and here again with the EC countries, taking into account the East-West as well as the North-South dimensions.

#### Austria and the World Conflict

Today's proliferation of local as well as major conflicts, particularly the crisis involving the East and West, do in no way restrict the neutral state to the single reaction of simply reducing the volume of its foreign policy activities. Such a retreat would be the equivalent of refusing to help extinguish a fire which threatens to burn down a house.

On the contrary, today's status of international relations imposes upon Austria--but of course not on Austria alone--the need for extreme alertness as well as the highest state of readiness to use its political and material resources.

While such a role is of course not a global one, Austria must not shirk any reasonable and realistic challenge for assisting in the control of sources of crises. This is true for the purely political area as well as for a humanitarian foreign policy.

Even occasional misgivings by other powers must not deter Austria from following a policy once it has been recognized as being appropriate. The example of the Austrian presence in the Near East demonstrates that its benefits keep accruing also to the parties to the conflict, which for a long time kept denigrating these policies.

Today Austria's Central America policy does not appear to be in accord with that of the leading Western power; but Austria favors no other principles there than it does anywhere else in the world. Austria's attachment to these principles is not based on a dislike of the United States, but rather on an analysis of the causes of the conflict--which is shared by many other European states--which simply deviate from a simple East-West perspective.

Nor is Austrian foreign policy guided by a specific predilection for movements such as the Sandinistas, whose political practices would hardly be endorsed by a single Western democracy. However, it takes note of this and other political phenomena as being a part of Latin American reality, with which the Western democracies will have to learn to cope--since they had a lot to do with bringing them about--without abandoning their own system of values.

It will be true also in times of crisis that Austrian foreign policy, a function of its permanent neutrality, will in the final analysis be judged not on the basis of its past achievements, but on its present-day role--and frequently also on Austria's future potential.

9273/12859

CSO: 3620/77



POLITICAL

FEDERAL REPUBLIC OF GERMANY

# FDP STABILIZES, STRENGTHENS POSITION IN COALITION

Hamburg DIE ZEIT in German 1 Nov 85 p 7

[Article by Rolf Zundel: "Almost a Kind of Ideal Condition; The FDP Has Become a Strong and Uncomfortable Partner in the Coalition"]

[Text] "I do feel sorry for you," FDP General Secretary Haussmann kidded when he talked with a CDU deputy about the not precisely intoxicating election results of the CDU. "Don't throw your weight around too much," warned his coalition colleague half seriously and half in jest. Haussmann joyfully retorted: "We are doing it for the common cause."

The common cause, the coalition in Bonn, at any rate appears to have agreed pretty well with the FDP. At any rate, the sickly partner of the CDU meanwhile has become a strong and not precisely comfortable companion. This is indicated not only by the respectable to very good results of the FDP in the recent Land parliament elections; it also becomes evident that the party has found almost a kind of ideal condition within the coalition: In the meantime the alliance is undisputed even with former opponents, the FDP cannot be ignored in its corrective function and in party leadership and parliamentary faction there are no destructive battles, only little personal viciousness--compared with the time before and after the change [in coalitions]--a pleasant and new experience.

Members of the presidium have a lively recollection of the time when the various groups did not trust each other an inch and purposeful indiscretions surfaced rather regularly in the press the day after the session. They extol how relaxed and easygoing they deal with one another and how frankly they can speak with one another. This is, the judgment is rather unanimous, to be ascribed for one thing to the circumstance that the party is in good condition and also to Party Chairman Bangemann. While among the officials of the economics ministry the opinion about him is still rather mixed, the party feels comfortable under him and appreciates his self-assured optimism. He can accept dissent without suspecting a dangerous attack in it right away. He gives scope to others. He has become what many who had known him from Baden-Wuerttemberg as an inspired but destructive troublemaker had least expected of him: "A good moderator under whose leadership the presidium gets things done quite well" (Lambsdorff).

## Good Relations With Strauss

He leaves it in most cases to others to fight out the inevitable skirmishes with CDU and CSU, not least to his general secretary who sometimes infuriates even the chancellor. But also Hirsch and Baum in domestic policy, Lambsdorff in regulatory policy, Feldmann in security questions make frontlines with the coalition partner recognizable. And of course Hans-Dietrich Genscher, who represents and characterizes subtly as well as effectively foreign--policy continuity, to which--if at all--the FDP possibly would let itself be forced.

Bangemann cultivates the coalition, the good relationship to the chancellor and, what has proved to be useful in critical decisions, the relations with Strauss. When criticism of the CDU occurs sometime, the assurance is immediately provided in response to the worried inquiries of the chancellor's office, that this was done merely to present the FDP in the best possible light and thereby a small shadow has unavoidably been cast on the CDU. The fact that the chancellor then quite in passing notes at an event of his party that the FDP had better put its own house in order does not affect the impression of mutual harmony; some mutual compulsory criticism for the electorate is simply part of the game.

At any rate, the chancellor's office points out, without being asked, the friendly manner in which Kohl treats the FDP chairman. Also without any prompting the assessment is provided that Bangemann is really destined for greater things--perhaps as foreign minister or vice chancellor. And also the fact that Kohl has not made any promise to his foreign minister for the time after the next election does not remain unmentioned. The Liberals see in that move, presumably rightly so, the attempt to interfere in the affairs of the FDP from the outside and to disturb the amazing though sensitive harmony between Bangemann and Genscher: divide and conquer.

These attempts have had little success thus far. The old practice that the FDP ministers meet for breakfast in the Foreign Office prior to the cabinet session has been continued. Bangemann has not let himself be put into a position against his predecessor as party leader and Genscher not against his successor. They know presumably that both (and the party) would lose in such a conflict.

A malicious version says: both need one another to keep Lambsdorff, who is now hampered in his political ambitions by the Flick trial but has not forgotten them, in check in the future. Lambsdorff, acquitted in the Flick trial would certainly push for finding a position for him commensurate with his capabilities--in the economics or foreign ministry and undoubtedly also in the party leadership.

For many FDP followers, Lambsdorff is a drawing card. His candidacy for the next Bundestag is regarded as "self-generated"; despite the trial he makes use of his role as economic policy spokesman to bring himself to people's mind at every opportunity as guardian of the regulatory policy. His connections to industry, as described by an observer, "continue to be the very best." He himself does not speak about his plans for the future, but prefers to relate an anecdote of Jerry Ford, the former U.S. President, whose wife, when it was

discussed whether or not he should be a candidate once again, is said to have stated: "Presidential candidate? Jerry lives in California, he earns a good living and the golf course is at his front door. He would have to be nuts."

Lambsdorff, too, has no financial worries, his penchant for leisure-time sports is limited but his political influence continues to be considerable even though some colleagues in the parliamentary faction now dare to contradict him more openly. And above all it is doubtful whether a cabinet position, especially his old ministry would especially tempt him. "No minister can be as good as Lambsdorff's present image in industry; a minister's office does require many a compromise," knowledgeable persons feel.

Lambsdorff, and that explains his in part his undiminished reputation, embodies most exemplarily the policy of the political change, which attracted new voters to the FDP (and brought old ones back). More pronounced than in the Social-Liberal years, the FDP is the party of the executives, the medium and small entrepreneurs and of the self-employed. And similar to that time, this clientele is being cultivated. Little is left over from the Social-Liberal. Technology, advancement, work for one's own account, tax reduction--these are the key words.

The dominance of these topics evokes some uneasy feelings for some Free Democrats. The policy must not sound cold-egoistical, according to a warning; another, the FDP must be careful so as not to become the anti-labor union party or the representation of interests of the physicians and the middle class. But little happens beyond these admonitions. Some Liberals really like it when they are regarded as principal opponents by the labor unions. In the conflict with the labor unions, Bangemann puts up with a fight with the CDU.

Also in the party, which continues to be somewhat "more Social-Liberal" than the parliamentary faction and the electorate, there is little practical resistance. The Young Liberals, quite ready for rebelliousness in legal and domestic policy, are here completely on party course. Old Social Liberals who hold Liberal positions under the right of political asylum or under the laws of continuity, with far-reaching approval or at least toleration of the parliamentary faction, are well aware of the fact that it would not be good for their principal concern if their contrariness would also be expressed in the economic policy. Moreover, the differences in positions are not so great in that respect; a dispute does arise if clientele interests (farmers, middle class) and regulatory policy clash. The economy is the main topic of the FDP. This is not changed either by the fact that politicians such as Baum try to remind again of cultural policy as an example of "acquired democracy" and "active tolerance." Some Liberals like to hear that, but others consider it as unimportant or superfluous.

Offensive economic policy, stubborn defensive policy in the traditional domestic policy: That is the old, classical Liberal pattern, at any rate in middle class coalitions. That is what everybody had expected. What was not so readily to be expected was the degree in which foreign policy topics in the meantime are marking the fronts between the coalition partners, even though there are precedents for that, too: the bitter enmity of the German National Party members which the Weimar Foreign Minister Stresemann incurred (it is not by coincidence that Genscher also quotes him) or the Germany policy activities with which the FDP alarmed the CDU/CSU in the 50's and 60's.

Almost necessarily here, too--similar to the Liberals then--differences within the FDP become evident, whereby frequently tactical nuances are involved; the parliamentary faction leadership is inclined to show consideration for the coalition partner. It cannot be clearly determined how resolutely the party resists the trends of the CDU/CSU. After all there is a Liberal tradition of rushing ahead to disobedience, which, when things get serious, then acquiesces in the inevitable.

However, a Bonn government participation in the U.S. SDI space program, in whatever form, is an idea hard-to-take for most Liberals. But the intensity of the rejection, from Feldmann's "no" pretty much on principle to Lambsdorff's conditional "yes" (not demonstratively so, not prior to Honecker's visit) is a different matter. At any rate the FDP solidly shares Genscher's skepticism and it undoubtedly follows him when he asks for adherence to the ABM treaty by the Americans. But it is noticeable that where real or supposed interests of modern industry are involved, the principles become flexible for some.

This becomes even more evident as regards arms exports. Moellemann and Lambsdorff favored, though not for exactly the same reasons, the export of the munitions factory to Saudi Arabia. Genscher considered this undertaking as dangerous, but his ministry did not intervene--allegedly because the affirmative bill came from Bangemann. It is difficult to assess precisely how many in the parliamentary faction favored the export and how many were opposed to it. The somewhat unsatisfactory result: State Secretary Gruener of the economic ministry put a cautious yes into the record (nothing has as yet been definitely decided), Feldmann explained his reservations.

#### Quarrel in the Family

In the Germany policy there are at least tactical distinctions. Genscher supported the planned joint declaration at the same time when Mischnick, in agreement with Dregger, stated that a new declaration was unnecessary. This also fits in with the dispute concerning the question of whether the time for alternative national service is to amount to one third more than the future military service time, in other words 24 months as the CDU/CSU had demanded or whether the automatism should be resolved in favor of a shorter military service period. The decision against automatism (and against the leadership of the parliamentary faction) was made with a bare majority. Not the "Leftists" but the younger ones (including also Moellemann) had prevailed against the older ones.

The question concerning foreign and security policy may possibly become the thorniest coalition problem. The CDU/CSU is undoubtedly annoyed that economically oriented voters at the right edge of the CDU/CSU may be collected by the FDP, will be lost to the CDU/CSU's own potential; but that is a kind of quarrel within the family. Certainly, the CDU/CSU, especially the CSU, are also bugged by the tenacity with which the Liberals defend their positions in the domestic and legal policy but that is a dispute that did not surprise anyone and these topics--especially the right of asylum--also provide arguments that scare away middle class voters from the FDP. Spaeth used such arguments quite successfully in Baden-Wuerttemberg.



By definition, foreign policy is the province of the chiefs: chancellor and foreign minister, whether they want to or not--and they do want it a little--get into confrontation. The objective discussion--tricky enough--is saddled with a personal relationship that has become more difficult (perhaps the estrangement, at least that is what some assume, started with the attempted amnesty) and in addition with power considerations: The authority of the chancellor suffers, the CDU fears; Genscher's reputation, Liberals suspect, is to be undermined. Even more: It is true for Genscher that despite isolated criticism of style (he lets other Liberals defend positions from which, if necessary, he distances himself overnight), the parliamentary faction follows the outlines of his foreign policy and the party supports him even more clearly and emotionally engaged. The same applies to Kohl who expresses the minimum of what the vociferous majority of the CDU/CSU expects from the foreign policy of the chancellor. What is involved here are not only exercises in imagery.

The FDP strategists have one consolation for the partner: Their foreign policy commits quite a few voters to the coalition who would be unreachable for the CDU/CSU. CDU/CSU strategists doubt whether in the bottom line a big plus of votes is obtained and that can succeed only if the conflict remains under control, if the coalition as a whole is not damaged. This consideration sets a limit which Liberals, too, accept; they do not want to damage the coalition either.

For the chancellor it is reassuring that the FDP has become a stable partner. The opinion polls show the FDP rather firmly around 7 percent and the hope for a little more does not appear so utopian to the Liberals. But here it starts to become dangerous for the CDU/CSU, also for the chancellor. Hardly because he is gripped by the fear that the SPD may provide the next government but perhaps by the thought that the CDU may become clearly weaker than in 1983, in the worst case even weaker than the SPD. Despite or on account of the coalition: The struggle for voters between CDU/CSU and the FDP will this time be very hard.

12356

CSO: 3620/84

POLITICAL

FINLAND

COMMUNIST CHAIRMAN AALTO SEES WESTWARD FOREIGN POLICY TILT

Helsinki KANSAN UUTISET in Finnish 14 Oct 85 p 7

[Article: "Enchantment with West in Foreign Policy"]

[Text] According to Arvo Aalto, chairman of the Finnish Communist Party, conservatism in present-day Finland is more than individual deeds and goals.

It also has an effect on foreign policy and on strategies for improving society, said Aalto.

He criticized government thinking that foreign policy must assume a pro-Western appearance in order to support efforts toward increasing trade.

"This kind of thinking accounts for preparations to join EFTA [European Free Trade Association] as a full-fledged member and to increase contacts with other collaborative ventures of Western countries, even though no one can justify it by showing that it helps to increase trade with the West.

"People are taking a blind interest in the Eureka project, even though they do not know what it involves and even though it received its initial impetus from the wish to put weapons in outer space."

In the internationalization of undertakings, according to Aalto, such a bewitchment prevails that the capitalists who invest their money in foreign countries content themselves with the pursuit of lesser triumphs than those they aim for in their own countries.

"Finland's relations with the United States are being intensified at a time when the struggle of progressive forces for an independent and peace-loving Europe is gathering strength in our part of the world."

According to Aalto, this struggle would mean putting a greater distance between us and the United States and its warmongering policy.

The seamy side of the adopted pro-Western orientation is, according to Aalto, that "we do not work with nearly the same intensity and nearly the same willingness to use intellectual and economic resources in order to improve economic and other cooperation with the Soviet Union and other socialist countries.

"Despite this, I saw that in those countries there are developmental processes afoot which offer an exceptionally large number of opportunities for improving cooperation," he pointed out.

In Aalto's view, the rightward tilt in politics has also penetrated foreign policy.

On the issue of South Africa, he accused the government of wriggling like a worm on a hook without being able to adopt a clear and consistent attitude toward the white racist government. Among current events in foreign policy, Aalto had special words for CPSU General Secretary Mikhail Gorbachev's visit to France.

He considered Gorbachev's fresh and concrete initiatives a new and noteworthy contribution to efforts on behalf of peace and said they indicated an increase in the Soviet Union's enterprisingness.

Aalto said that the Finnish Communist Party gives its unqualified support to these initiatives.

In domestic policy, Aalto declared that the rightward tilt is seen as the reinforcement of the foundation for the nonsocialist world of values in the activity of the government and the Parliament.

According to him, it has been seen in its most blatant form as the attack of the bourgeoisie on the democratic rights of workers and functionaries.

Aalto reeled them off: the increase in penalties for strikes, the rise--and often even the drop--in real wages substantially weaker than work productivity, acceptance of mass unemployment...

12327

CS0: 3617/18

## POLL EXAMINES ATTITUDES REGARDING GOVERNMENT MINISTERS

Helsinki SUOMEN KUVALEHTI in Finnish 4 Oct 85 pp 6-8

[Article by Tuomo Lappalainen: "'SUOMEN KUVALEHTI' Opinion Poll Gives Recognition to Social Democratic Ministers: Sorsa Is Most Competent, Ahde Most Congenial"]

[Text] Finns consider Kalevi Sorsa's fourth government experienced and competent but nevertheless do not exactly view it as skillful at making decisions consistent with the citizens' interests. This is the most significant result of an opinion poll which Economy Research, Inc--commissioned by SUOMEN KUVALEHTI--conducted 6-19 September by interviewing 990 persons in 36 cities and 43 rural communities.

In the first part of the survey, respondents were asked to evaluate the government's general profile and its success in certain key areas of policy. The ordinary school grading system of four to ten was used as a scale.

The government received an entirely satisfactory 7.1 for its grade point average. Only 4 percent of those interviewed were willing to give the ministers a midterm grade of excellent; a good 21 percent, on the other hand, favored a grade of fair or poor. Women were more satisfied than men, farmers more positive than functionaries and administrators. Working people--in whose opinion the government did not even deserve a seven--proved to be the most dissatisfied of all. The grade average was 6.9.

Management of foreign policy received the most praise: every fourth respondent felt the government had performed excellently in that area. Then again, a solid 19 percent doubted the ministers' ability to extricate themselves with honor from a grave foreign-policy crisis. The most distrustful were the highly educated as well as men under 30.

Economic policy was praised by both farmers and administrators, more than 10 percent of whom gave the government a grade of excellent. Correspondingly, blue-collar workers were more or less disappointed, and just 2 percent granted the ministers a nine or a ten. The survey also clearly showed that Ahti Pekkala is not exactly popular among residents of Helsinki, since only 3 percent of those who dwell in the capital city region find that the government is entitled to a grade of excellent for its management of the economy.



The government's measures in retirement and social-welfare issues as well as in the field of environmental protection received for their part even more criticism and--what is worse--largely from those very population groups which are hardest hit by the area policies in question. The elderly ranted and raved about pension issues, the farmers about environmental protection. Almost everyone found fault with employment policy: it received far and away the lowest evaluation, a grade point average of just barely over six.

The government drew the most consistent criticism for its tendency to forget the little man and the conditions in which he lives. The government was indeed viewed as competent and experienced, but despite this the majority felt that the government strives to increase the tax burden of people like themselves, that it works mainly in the interest of the wealthy, and that it devotes more attention to industry and other aspects of economic life than to the rights of wage earners. Even its desire to seriously seek a reduction in unemployment was called strongly into question.

The interviewees also had a surprisingly clear perception of the government's internal squabbles. Thirty-three percent considered them factitious; only 16 percent thought they were genuine. It is an interesting detail that among the supporters of the four major parties the voters of the primary government party, the Social Democratic Party, believed more often than the others in the artificiality of these disputes.

#### Leaders Praise Sorsa

In the second part of the opinion poll, the interviewees assessed the personal attributes of individual ministers. Their congeniality, honesty, efficiency, competence, and ability as public performer were measured by nine pairs of questions and two separate questions. Altogether 15 members of the government were up for evaluation; only second Minister of Education Gustav Bjorkstrand (Swedish People's Party) and second Minister of Social Affairs and Health Matti Puhakka (Social Democratic Party) were missing from the questionnaire.

In the citizens' eyes, Prime Minister Kalevi Sorsa proved to be number one among his peers--and not just with respect to his post. More than one-third (39 percent) praised him for his competence, and roughly one out of four (27 percent) found that he "managed matters well." The figures are higher than for any other minister.

In light of the survey results, it would appear that during his fourth term as prime minister Sorsa has shifted at least a few steps to the right, maybe more. Administrators, anyway, rated him highly more often than working people and farmers, university students and college graduates perceptibly more highly than vocational and grammar school graduates. The latter, in turn, called strongly into question the prime minister's ability to understand the problems of ordinary people.

Finance Minister Ahti Pekkala came in a clear-cut second to Sorsa in degree of competence. It is true that Pekkala may have benefited slightly from the time during which the poll was taken: after all, the budget proposal had just been finished when the interviews began.

More than one-third (38 percent) of the respondents considered the director of the Haapevesi cooperative bank competent, and a solid one-fourth (28 percent) praised him for the way he managed matters. To top it all off, Pekkala was judged the government's most honest minister, as Conservative Party supporters in particular--surprisingly, to be sure--valued his trustworthiness. In other respects the finance minister was especially popular among the highly educated: more than half (52 percent) of those in administrative positions extolled his competence. There is a consensus that relations between the government and the business community seem to be in good shape.

Rising to third place among the citizens' favorites was Minister of Environment Matti Ahde, whose chances of being promoted to next chairman of the Social Democratic Party were undergoing considerable public analysis at the time the survey was made.

**Likability** turned out to be Ahde's biggest trump card. Altogether 13 percent of those interviewed named him the government's most congenial minister; the figure was as much as 17 percent among functionaries. Other strong support groups were young and middle-aged women as well as those who earn average incomes, 80,000-120,000 marks a year. On the basis of this information, Ahde would seem to be the most suitable leader for the Social Democrats, who are becoming more and more the party of functionaries and the middle class.

As could be expected, the environment minister's weak point is still competence, of a lack of which farmers in particular suspected him somewhat more frequently than the average. But in this respect, too, the future appears bright. In the opinion of women under 30, Ahde surpasses even Minister of Justice Christoffer Taxell in competence.

**Lindblom and Vikatmaa in Wrong Party?**

Taxell should not have anything to complain about otherwise. Alongside Jermu Laine, Seppo Lindblom, and Eeva Kuuskoski-Vikatmaa, he belongs among the government's powerful technocrats who do not quite match Ahde's figures in congeniality or those of Sorsa and Pekkala in competence but who accumulate positive ratings steadily and surely in almost item after item.

As befits a proper minister of justice, Taxell was judged the government's second most honest member right after Ahti Pekkala. In addition, the former was considered competent, congenial, and able to perform relatively well in public, and he was seen to work in the public interest rather than his own. Men liked him more than women, the highly educated more than grammar school graduates, and Conservative Party followers more than the supporters of other large parties. Taxell received most of the negative feedback from the ranks of the Finnish People's Democratic League.

Minister of Trade and Industry Seppo Lindblom, whose name is linked nowadays at least to a fifth nuclear power plant, received his best ratings in competence and in ability as public performer. On the other hand, he was the government's worst when it came to understanding ordinary people. Lindblom was popular among men and the highly educated; Conservative Party backers liked him more than those who support his own party, the Social Democratic Party.

Another favorite of the nonsocialists was Minister of Social Affairs and Health Eeva Kuuskoski-Vikatmaa, who deserted the Conservative Party for the Center Party 5 years ago and toward whom the interviewees, regardless of political affiliation, adopted a positive attitude; Conservative Party voters were downright exuberant with praise. She was the only minister who was considered a born politician, and the People's Democrats alone doubted her ability to understand the problems of ordinary persons.

The strongest points of Foreign Trade Minister Jermu Laine were competence, honesty, congeniality, and ability as public performer. His typical appreciator was a man over 50 who earns more than 120,000 marks a year and works in an administrative position--a Social Democrat or a Conservative.

#### Old Paavo Still Visible

Maybe the government member most clearly in the public eye at the time of the survey was Minister of Education Kaarina Suonio, whose attempt to get the Central Federation of Automotive Sports to suspend Keke Rosberg's license to drive in the South African F1 races was the subject of front-page news reports for a week.

The dispute was also clearly reflected in the results of the opinion poll, because Suonio's popularity was lowest among young and middle-aged men. They doubted her honesty and competence; young people even called into question the education minister's congeniality. Women had a more positive attitude toward her, but a good many of them also believed Suonio enjoys appearing in public. Yet one out of three considered her congenial.

Another minister who still provoked powerfully contradictory feelings was Paavo Vayrynen. On the one hand, interviewees expressed their unmistakable confidence in the foreign affairs minister's competence and efficiency, but when the discussion turned to his congeniality and trustworthiness, the bad old Paavo re-emerged. Exactly one-fourth of the respondents gave Vayrynen the dubious rating of "not particularly congenial," and he was also the only one--alongside the ministers from the Finnish Rural Party--who was thought to work more in his own interests than the public's.

Vayrynen's firmest support groups were young people and, of course, the Center Party's nucleus, the farmers. The more highly educated the person in question, the more given to reservations he was in his attitude toward the foreign affairs minister.

Quite similar in its social structure is the group of supporters behind Tax Minister Pekka Vennamo, whose popularity now seems to be in sharp decline. The majority of respondents considered him untrustworthy, given to working in his own interest, and less congenial. The only pluses came in competence, ability as public performer, and--noteworthy, to be sure--understanding of ordinary people's problems. It is true that only 4 percent of the almost entirely crushed People's Democrats even gave recognition to the empathy of the Finnish Rural Party's chairman.

Table 1. Government's Most Popular Figures

Who in your opinion is the government's most congenial minister?

(1) Matti Ahde	13%
(2) Kaarina Suonio	10%
(3) Eeva Kuuskoski-Vikatmaa	9%
(4) Paavo Vayrynen	9%
(5) Ahti Pekkala	8%
(6) Kalevi Sorsa	7%
(7) Christoffer Taxell	6%
(8) Jermu Laine	5%

Table 2. Government's Most Competent Figures

Who among the following ministers are in your opinion competent and equal to their tasks / or not particularly competent?

(1) Kalevi Sorsa	39%/2% (difference 19.5-fold)
(2) Ahti Pekkala	38%/2% (19-fold)
(3) Christoffer Taxell	27%/3% (9-fold)
(4) Paavo Vayrynen	25%/5% (5-fold)
(5) Eeva Kuuskoski-Vikatmaa	22%/5% (4.4-fold)
(6) Jermu Laine	24%/6% (4-fold)
(7) Seppo Lindblom	21%/8% (2.6-fold)
(8) Toivo Ylajarvi	16%/7% (2.3-fold)

#### One Among Others

The survey drew the lowest profiles for Minister of Interior Kaisa Raatikainen, Minister of Communications Matti Luttinen, and Minister of Agriculture and Forestry Toivo Ylajarvi. Many were unable to say anything about them, and those who were often gave utterly contradictory appraisals. The strongest points of both Luttinen and Raatikainen were honesty and working in the public interest; Ylajarvi's was competence. The farmers were also otherwise satisfied with their representative, even suspecting him of being a born politician. It is true, however, that for one reason or another 45 percent of them did not comment at all on Ylajarvi's activity.

The blunders he made at the press conference following his visit to the Soviet Union in August were clearly reflected in the ratings given to Defense Minister Veikko Pihlajamaki. There was felt to be room for improvement in his public performance, and it was believed that he did not even like to appear in public. His competence and even his honesty were also called into question. Only as someone who works in the common interest did Pihlajamaki receive clear recognition, but this may be due at least as much to the Finns' desire for strong defense as to Pihlajamaki's personal attributes. This is mirrored well by the fact that most of the pluses came from the Conservative Party backers and most of the minuses from the People's Democrats.

However, the biggest dud on the government's popularity scale was once again Minister of Labor Urpo Leppanen, whose standing appears more clearly with every day to be inversely proportional to the pomposity of his speeches.

In the opinion of those interviewed, Leppanen is the least congenial and least trustworthy minister and works more clearly on his own behalf than other government members. He is the least dedicated and least competent: he manages matters worst than anyone else. He enjoys appearing in public more than the average, but there is more room for improvement in his ability as a public performer than in anybody else's. He understands ordinary people's problems almost as poorly as the prime minister does.

It may be useless to analyze which in-group has given Leppanen more minuses, which in-group less. In any case, the trend is clear: the labor minister has become a burden to the government, and his departure might well be in the interest of the Finnish Rural Party as well.

It appears that Leppanen has turned into an easily woundable scapegoat for all the government's failures and that the success of the Sorsa cabinet in important areas of domestic policy is for some reason distinctly less than its general high esteem.

12327

CSO: 3617/18



POLITICAL

FINLAND

# LONG OUTCAST CONSERVATIVES BECOME CENTER OF ATTENTION

Helsinki UUSI SUOMI in Finnish 7 Oct 85 p 2

[Commentary by Jukka Knuuti: "Conservative Party Keeps Rubbing Hands for Joy"]

[Text] The Conservative Party has really been in a rather enjoyable position in recent weeks. The same parties and persons who customarily blame it for causing the government grief give interviews and statements in which they discuss the Conservative Party's status as a possible government party. The chairman and the secretary of the Conservative Party have been content to issue the same statesmanlike declarations about the matter's untimeliness and prematurity which are ordinarily heard from the mouths of popular front parties.

The debate was probably launched by the Center Party's Seppo Kaariainen, who decreed that the more and more rightwing Conservative Party would not enter the government through any door. Chairman Paavo Vayrynen immediately saw fit to smooth over the party secretary's cutting remarks: after the elections, the Center Party will seek such a broad government base that the Conservatives can also participate in it; nor will a nonsocialist majority government be out of the question, provided that the Center Party receives the emphasis.

The subject of discussion was broached on the Left by Arvo Aalto, chairman of the Finnish Communist Party, when he announced that the Social Democrats were opening the government doors to the Conservative Party instead of the Center Party. Erkki Liikanen, secretary of the Social Democratic Party, hastened for his part to deny such notions. But in an interview last week Kalevi Sorsa gave credence to Liikanen's repeated assurances as well as to President Mauno Koivisto's wishes for a pause in the presidential game.

Nevertheless, it may only be a comical coincidence that Sorsa promised the Conservatives that "broader chambers are opening beyond the threshold." Arvo Aalto was probably just guessing the direction in which ideas are moving in the Social Democratic Party and did not know beforehand what Sorsa would say in the interview.

It is true that all the speeches favorable to the Conservative Party have contained various provisions such as Vayrynen's allusion to emphasis on the Center Party, which means, of course, the Conservatives' submission to Center Party terms in a government. And Sorsa for his part laid down as a condition that

the Conservatives acknowledge themselves as an "urban Center Party," whatever that means.

It remains to be seen whether the tendency toward moderation perceptible in Ilkka Suominen's policy results from the new tone in the speeches of previous detractors.

Tuure Junnila stated in his most recent book, which was published a good week ago, that the night-frost crisis of 1958 and the note crisis of the autumn of 1961 inflicted a trauma on the Social Democratic and Center parties, a trauma on which the Conservatives' 20-year absence from government is based.

To some degree, Junnila is certainly right. But the change in relative political strength has had at least as great an effect. The long-term inability of the Finnish People's Democratic League to function in Parliament together with the shrinkage in Center Party support has taken away opportunities from both the popular front known since 1966 and from soon 50 known red-ocher bases.

It is somewhat paradoxical that even though various opinion polls do not for the time being at least predict a victory for the Conservatives in the parliamentary elections to be held a year and a half from now, the party nevertheless seems to be approaching a seat in the government more clearly than is indicated by even the most promising opinion poll figures.

12327

CS0: 3617/18

POLITICAL

FRANCE

PFISTER BOOK ON MITTERRAND, PSF FIGURES CONTROVERSIAL

Pfister Discusses Book

Paris LIBERATION in French 19 Nov 85 pp 7, 8

[Interview with Thierry Pfister, author and journalist, by Jean-Michel Helvig; date and place not specified]

[Text] Thierry Pfister, a former journalist who became the right hand man of former Prime Minister Pierre Mauroy, tells a multitude of secrets in his book, "La vie quotidienne a Matignon au temps de l'union de la gauche" [Daily Life in the Hotel Matignon During the Period of the Union of the Left] (published by Hachette). And that has made certain socialists within the government absolutely furious. The author explains here why this is so.

The book is selling like hotcakes. One week after its publication Thierry Pfister's book is already a success in the bookshops. And the shrieks published in a weekly magazine of the PS [Socialist Party] about a book which it describes as a weapon pointed at the president of the republic and his staff (see below) can only increase its sales. A little whiff of scandal never harms the success of a book, and the caustic portraits which the author and former associate of Pierre Mauroy presents of Laurent Fabius, Jacques Attali, or Pierre Berezgouvoy--not to mention Francois Mitterrand himself--are worth reading. However, the essential aspect and the real interest in this book is that finally a political journalist of good reputation (or at least a professional reporter) who formerly worked for LE MONDE and LE NOUVELLE OBSERVATEUR has had the opportunity to make use of the most fantastic reporting opportunity which a journalist could have dreamed of. He spent 3 years as a witness of how things function at the very heart of the government, or at least in one of its essential areas: the Hotel Matignon [office of the prime minister].

Certainly, Thierry Pfister did not agree to give up his journalistic career when he entered the office of former Prime Minister Pierre Mauroy. He had the idea of one day writing a book describing what he had seen. He has affection for Pierre Mauroy and, apparently, shares his political views. He pays him this tribute in his book, where he does not spare the first and only prime minister of a government formed on the basis of the Union of the Left. That is an advantage to the extent that he unveils how the corridors of power operate as has rarely been done before.

[Question] You haven't made any friends with this book. Apart from the supporters of Pierre Mauroy, everyone in the PS has jumped on you with both feet.

[Answer] When I wrote "Les Socialistes" [The Socialists--Albin Michel, 1977], I had the same kind of problems, including with Mauroy supporters at the time. I am not trying to join a party apparatus or follow a political career. This has made it possible for me to retain some liberty in my approach.

[Question] The criticism which has appeared in L'UNITE, the weekly publication of the PS, reflects a sense of outrage (see below). Was the book more critical of you since you didn't use a soft approach yourself?

[Answer] Out of the 360 pages in the book there are 10 pages containing verbal portraits of political figures. The other 350 pages simply contain my story of what happened. I didn't see anything in L'UNITE which challenges the facts I presented. I am glad of that. It is almost amusing to see that those who took offense at the book did so because I showed how they looked in the mirror. If that isn't the case, let them take on Pierre Mauroy, let them speak to him. He is who he is, and I am who I am.

[Question] You are accused, perhaps, of shattering another illusion. Does the government operate in the same way, whether under parties of the Left or the Right?

[Answer] First of all, there is the best part of the book: daily life within the government. From this point of view the way in which the government functions is the same, whether it is controlled by the Right or the Left. However, it is true that there is a tendency to slip into a given mold. At first there are unintentionally bold actions taken, and then there is a certain kind of normalization in the conduct of government. That depends a great deal on the way the political personnel of the government are chosen, and perhaps that is also why this book has provoked some reactions. I have been very critical of the way senior civil servants have maintained control of the main features of the government structure.

[Question] The two central figures in the institutions of government are the president and his prime minister. During the period of time that you describe, we had the feeling that the slow pace of the presidency, which is

inherent in the system, was increased by the old personal relationship between Mitterrand and Mauroy.

[Answer] Not at all. With the passage of time we can see that De Gaulle and Mitterrand are the presidents who used their positions of power in the least personal way. Never has the power of the head of government been as strong as under the Fifth Republic.

[Question] Does all of that augur badly for the future of cohabitation [with a president of one party and a cabinet of another]?

[Answer] The fact that we have a president who follows the early practices of the Fifth Republic by allowing his cabinets to carry on the business of government, apart from intervening if there is a major development, is rather favorable to cohabitation. Having said that, as there are two power centers within the government, it is necessary for them to keep in very close touch if they don't want to have things get out of hand. If one or the other does not hold the same political view, there is a natural risk that each of them may retire into his own corner. That can lead to paralysis in government. If the prime minister takes too much political initiative, as was the case with Prime Minister Chaban Delmas, the president will take a harder attitude. If the president does not provide the political initiative and the prime minister takes no action, as happened during the final illness of President Pompidou, everything comes to a halt.

[Question] The position of Mitterrand in case cohabitation becomes necessary is this: I will apply the constitution and nothing but the constitution. I will therefore concern myself with questions of defense and foreign policy, and the cabinet can do the rest. Does that seem to be a viable course of action to you, bearing in mind what you were able to observe?

[Answer] That is a little theoretical. There is no single international negotiation which does not have budgetary consequences. Unless you except major questions like disarmament, which in the last resort are the responsibility of the prime minister. At the time of the conversations between Indra Gandhi and Francois Mitterrand, everything seemed to have been decided in private discussions between the two leaders. However, I recall that later that evening Claude Cheysson came to Pierre Mauroy's office to find out if the agreement reached between Gandhi and Mitterrand was possible to implement, from the budgetary point of view. If the cabinet does not follow the lead of the president, the latter has no way of supporting his diplomatic efforts. The cashbox is at the Hotel Matignon, not at the Elysee Palace.

[Question] In effect, everything depends on the personal dialogue between the president and his prime minister?

[Answer] Yes.

[Question] No doubt with the exception of Couve de Murville, why is it that former prime ministers either have been, are, or will be candidates for



the presidency? Is it because they were able to see from close up that it is not so difficult to be president and that they could do at least as well?

[Answer] It is certainly very difficult to be president. Contrary to the situation facing the prime minister, you don't have someone to call on the telephone and ask: "Do you think that...?" A prime minister is already relatively alone, but a president--that must be a horrible position to be in.

[Question] That does not discourage people from wanting to be president.

[Answer] When you have climbed through a political hierarchy and you are at the next to the last step, you say to yourself, why not take the last step? And then, being president involves another kind of position. He has some distance separating himself from others and he can take time to think about a question. A prime minister always lives under a temporary stay of execution.

[Question] Is it inconvenient for the Left that people expect it to show more virtue in the exercise of government than is generally expected from the Right?

[Answer] That's the usual situation. There is a form of cynicism about the state which the Right finds only natural and which is part of its political culture. The Left cannot allow itself to make use of such cynicism. That doesn't necessarily mean that governments of the Left are angelic.

[Question] It can also happen that people may confuse faithfulness to principles with dogmatic rigidity. One of the principal misunderstandings of the Left with public opinion is that it did not want to admit that it was changing its policy at the time it adopted the policy of austerity in 1982. You say in your book that this was deliberate. Why?

[Answer] That is a problem of circumstance which has nothing in common with being angelic or cynical. At the time of the adoption of the policy of austerity in 1982 there was a basic disagreement among the three principal actors: the president, the prime minister, and the minister of finance. If you spoke of a change of policy, you risked giving the impression that there would be a "pause" in the reforms, as Jacques Delors wanted. However, Pierre Mauroy didn't want that. Meanwhile, in the view of the president there should have been no talk of a change in policy, because he was not sure he wanted it. He allowed an experiment to run on until the end of 1982. The real and basic commitment of the president to the policy of austerity was made after the municipal elections of March 1983.

[Question] You rationalize this decision after the events, but public opinion at the time criticized the socialists for not doing what they said they were doing and of not saying what they were doing.

[Answer] There's no doubt of that.

[Question] However, those charged with public affairs and communications advisers who were consulted at the time told you about this. Why didn't the president listen to their views?

[Answer] I disagree with the public affairs advisers over that you have to channel political decisions through the communications media. In fact, this is not possible. Look at the first year of the Socialist Government. A whole series of reforms was undertaken, and 350 messages to the National Assembly were sent at the same time. That is not a good thing to do in terms of communications. However, we know that during this period in the National Assembly it was necessary to have the maximum number of draft bills passed because afterwards, with the passage of time, it would become more difficult to have these bills approved. And that's what happened. Political imperatives always take priority over the imperatives of communications. We should ask the public affairs advisers to help us handle communications problems resulting from this or that political decision, but not the reverse.

[Question] You say that good communications cannot take the place of good policies. However, can't poor communications sabotage the best policy in the world?

[Answer] Communications are a plus in political life. However, you can't let the public affairs advisers, in the name of their professional rules, which I do not question, attempt to make implicit political judgments. This is all the more true when the public affairs adviser and the politician are in basic disagreement, as a result of the speed with which time passes. The public affairs adviser works for the moment. He must deal with the state of public opinion. The politician necessarily deals with the long haul.

[Question] If the Left loses the elections in 1986 and wins the following elections, will it have learned enough to avoid the blunders it has committed?

[Answer] First of all, to do that, the rate at which changes of government between political parties take place must not be too slow. It is abnormal for entire generations not to be able to learn what government is all about. In 5 years the Left has trained a mass of potential government leaders. If these people are once again kept from office for a generation, there will be no opportunity to transmit to others what they have learned. The Right will demonstrate very quickly whether it accepts the logic of changes of government between political parties. The criterion will not be whether this or that leader has changed his views. The question is whether 200 or 300 relatively young senior officials will have their careers ruined because they have worked with the Left.

[Question] But didn't you complain just a moment ago about the control exercised over the government by senior officials?

[Answer] That is a contradiction. However, whether you wish it or not, that is where the Right can gain a hammer lock on the future. Unfortunately, this is possible at present because the social classes on which the Left is based in order to win elections and govern are too small. There are terrible

cultural obstacles involved, and the Left has a tendency not to talk about them and to keep them within itself. That describes the present situation, to some extent.

#### PSF Editor on Book

Paris LIBERATION in French 19 Nov 85 p 8

[Text] The editor in chief of the PS weekly magazine expresses outrage at the sins committed by Pfister. She accuses him of playing the "game of the Right" and engaging in "dirty tricks." In short, things which should not be done, even between competitors.

"Is this the way a 'comrade' speaks about his own people, even if they are competitors?" Her pen seemed to shake with outrage as she prepared a review of the book by Thierry Pfister, which appeared in L'UNITE, the party weekly magazine of the PS. She said all of that because the "comrade" in question (who, moreover, is not a member of the lady's party) had "left her speechless" with his "low attacks aimed at Laurent Fabius, Pfister's favorite target. However, he also aimed his attacks indiscriminately against Pierre Joxe, Pierre Berezgouvoy, Jacques Attali, Michel Rocard, and I don't know who else." However, Nicole Chaillot (who is also editor in chief of the weekly PS publication) did not completely lose control of herself. She agreed that "you often laugh at his description of our favorite characteristics." However, it was only the descriptions of Chevenement and Delors and their "competitive resignations" which she liked very much.

So what is the basic problem? Here is her answer: "It is not by accident that right-wing newspapers are feasting on the confidences of Thierry Pfister. Did the prime minister put him in his attache case or what? This book is a gift for the campaign carried on by the Right. Even though it only presents a politician's caricature of the efforts of the Left, it provides major advantages to our adversaries at the beginning of a campaign when any kind of blow--even of the lowest kind--is permissible."

Returning to an area which she knows more about, the kind of bigotry presently in style in the Socialist Party, the author fairly burns with anger: "When he attacks Fabius or Joxe for their bourgeois origins, indirectly he attacks the president for his own bourgeois origins. By 'forgetting' that if there is money available in the Socialist Party, there is much more to be found within the Mauroy faction, however much it may be oriented toward the people. Didn't the first secretary of the party comment ironically on the 'B as in Bank' faction?" Then, carried away by her enthusiasm, Nicole Chaillot thought that at this point it was worth reaching down a little to the party branches. She said: "The venomous and divisive comments [of Pfister's] do not correspond in any way to the charming, warm, and openminded image displayed by the president of the World Federation of Twin Cities [a reference to Pierre Mauroy]." And now the decisive blow comes: "The mass of highly interesting information which

he [Pfister] provides us with is constantly obscured by 'dirty tricks' which, after all, are of lesser importance, and which he uses to mask his intentions." This is interesting, isn't it?

Book Reviewed

Paris LIBERATION in French 19 Nov 85 p 8

[Book Review by Eric Dupin]

[Text] Finally, we have a political book which can be read with pleasure. After having served as an adviser to Pierre Mauroy from 1981 to 1984, Thierry Pfister has not lost his talent as a journalist. The former editor of LE MONDE gives us a ferocious and savory account of the years he spent at the Hotel Matignon. The reader will learn a great deal about the numerous disputes and frictions to be found in the highest offices of the state. The Mauroy era is told through a large number of anecdotes which tell us more than many analyses. This is a fascinating story which, however, cannot pretend to be objective. Pfister is a loyal supporter of Mauroy, and you will search in vain to find any criticism of this sympathetic personage. The relations between Mauroy and Mitterrand are at the heart of the book. Pfister shows us that this relationship was full of friction. As such, even between socialists, cohabitation is not always easy.

Numerous examples are given of the psychological distance between the chief of state and the chief of government. In June 1981 Mauroy had to prepare the measures to be taken to defend the franc when Mitterrand was bathing in the euphoria of success. In June 1982, the date of the first turning point of the policy of austerity, the prime minister was concerned about the redirection of economic policy, when "the president was preoccupied with preparations for the summit meeting of the principal capitalist countries, which was to be held at Versailles."

It was the 39 hour work week which was to result in the first serious disagreement between Mauroy and Mitterrand. Against Mauroy's advice, Mitterrand announced that 39 hours of work would receive 40 hours' pay, thus blocking the process of reducing the length of the work week. In another area the Hotel Matignon became irritated about "the systematic interventionism of Andre Rousselet" in the area of the media, while Mitterrand was annoyed with Mauroy for having proposed Pierre Desgraupes as the president of television Channel 2. The author tells us, moreover, that the president was then "reserved and on the whole skeptical" when his prime minister presented him in 1983 with a draft law on the press. It reached the point that Mauroy considered "presenting his resignation at a cabinet meeting." This happened on 21 April 1982. Gaston Defferre and Robert Badinter had just clashed publicly about personal identity checks. The prime minister made his decision, but then the chief of state, at the traditional Tuesday breakfast meeting at the Elysee Palace, "undertook to support Badinter." Finally, Mauroy's decision was confirmed by Mitterrand.



In January 1983, on the other hand, the prime minister felt "overwhelmed" by a decision made by the Elysee Palace. In line with the deflationary process Mauroy had prepared a measure providing for a reduction in the interest rate of the savings banks. However, 3 months before the municipal elections, Gaston Defferre convinced Mitterrand of the inadvisability of this measure and forced the chief of government to do an about face. Once again, Mauroy did not resign. In May 1984 he sent a letter to Mitterrand in which he refused to receive the prime minister of South Africa, contrary to what the Elysee and the Quai d'Orsay requested. Mitterrand took this gesture of Mauroy's "very badly," and Mauroy was not to take such a step more than "three or four times" during his term as prime minister. As a general rule, the author of the book declared, the relationship between the two men more generally resembled a "high flying transaction between political professionals."

Under the heading of disagreements between Mitterrand and Mauroy, the hostility of the prime minister might also be mentioned regarding a choice between the kind of thoroughgoing industrial restructuring he had hoped for in 1983 and the casual instruction given by the president to the prime minister in 1984 to "muddle through" the process while the controversy over the laicization of the schools was going on. However, it is the story of the crisis after the municipal elections in 1983 which is the most informative. Mitterrand was tempted at that time to abandon the policy of austerity while still keeping Mauroy as prime minister. Mauroy refused to be the leader of the generally well-known "other policy." Mitterrand hesitated over this question for a long time. Jacques Delors was trying to push Mitterrand to appoint him prime minister. Finally, Mauroy agreed to remain in office, even in the event of a change in the direction of economic policy, and Mitterrand confirmed him in office without abandoning the austerity policy! This is a story, told in detail, which the reader will enjoy.

Moreover, this episode shows that the tensions between Mitterrand and Mauroy did not destroy the affection which the president had for the prime minister. It was not the same thing with Laurent Fabius. Pfister does not try to hide a dislike which his old boss undoubtedly shares. He saw in Fabius "a classic illustration of political cynicism." He writes that "The green rug in Fabius' would serve as France itself, and his bank would serve as the government." Mauroy clashed with his future successor more than once.

Mauroy threw in his teeth Fabius' bourgeois social origins when the latter asked him to send in the police at Chapelle-Darblay without even informing the trade unions. Mauroy succeeded in pinning the "blame" on Fabius at the cabinet meeting of 4 April 1984 by disavowing his decision in favor of the Gandrange "universal train." Fabius would never forget all of that.

In July 1984, during the first cabinet meeting he presided over as prime minister, he "began by rendering a brief homage to his predecessor, expressed with all the warmth and humanity of a graduate of the ENA [National School of Administration] discussing the structural causes of inflation," before concluding: "However, that is the past, and we are here to prepare for the future." Mitterrand then interrupted him, saying: "I must say, as far as I am



concerned, that when I dream of the future, I see Pierre Mauroy once again." And that was that.

Finally, this book proves that the Left is not immune from one of the typical laws of the Fifth Republic. The system with two heads in the executive branch inevitably leads to tension between the president and his prime minister. The quarrel often leads to the end of the road. Certainly, Mauroy is not at all deeply angry with Mitterrand. However, it is significant that one of his close associations now tends to emphasize the personal role of Mauroy in the conduct of the business of the country, in a relationship of conflict with the chief of state.

#### Conservative Press Comments

Paris LE FIGARO in French 15 Nov 85 p 6

[Article by Alain-Gerard Slama]

[Text] The book by Thierry Pfister, "La vie quotidienne a Matignon au temps de l'union de la Gauche," has attracted vitriolic criticism in the columns of L'UNITE, the socialist weekly publication, AFP [French Press Agency] reported on 14 November. "Venemous and divisive intentions" and "too bitter to be convincing" are some of the comments directed by the magazine headed by Claude Estier to Pierre Mauroy's adviser. Under the byline of Nicole Chaillot a denunciation was printed of "the picture of the mayor of Lille, like the life of a saint, so flattering, so sycophantic that it becomes annoying, whatever the sympathy that one may feel for this man." She adds: "The crown of laurel leaves weighs a little too heavily on the head of the object of so much flattery."

#### Scurrilous Attacks

In the view of L'UNITE the Pfister book is "a display of a hidden hatred for a certain number of 'political friends,'" while "his enemies or opponents are very well treated, whether these involve Raymond Barre or the communists, whom Pfister frankly supports against Fabius."

The author of the criticism, who says that she is "speechless" in the face of "the scurrilousness of the attacks against Laurent Fabius," thinks that this book "provides considerable advantages to our opponents on the eve of an elections campaign when any kind of attack is permissible." Nicole Chaillot concludes: "Apart from lancing a boil or emptying a sewer, I don't see what purpose this book serves. It certainly does not contribute to the glory of Pierre Mauroy."

As a part of an historic collection of books as celebrated as it is classical, which up to now had not disturbed anyone, "La vie quotidienne" by Thierry Pfister has just thrown an incredible burning ember onto the political scene, without having any intention of doing so. ("La vie quotidienne a Matignon au temps de l'union de la gauche," by Thierry Pfister, Hachette, 367 pages, 84 francs). A former journalist for LE MONDE and LE NOUVEL OBSERVATEUR, the author gives to the 3 years and 2 months which he spent as an adviser of Pierre Mauroy at the Hotel Matignon an appearance which, to say the least, shows that it was not all relaxation. In fact, instead of "daily life," it is rather a "rat race" or a "nest of vipers" that he should be speaking of. The impression left with the reader, when one closes the book, is that the former prime minister spent more of his time fighting against his political friends than in conducting the affairs of government.

To judge from reading these comments and these "portraits," which, of course, are the work of the author alone, one would have difficulty in believing that they could have been published without the approval of the deputy and mayor of Lille. Speaking of Francois Mitterrand, the book says he is "a man who believes that battles can be won by commando operations and who, consequently, imposes the law of the clan" (p 28). Speaking of the president, after the tactical withdrawal of July 1984 over the issue of the laicization of the schools, the author writes: "Stunned, Pierre Mauroy listened in silence. He recalled having heard Mitterrand explain to him, hardly a few weeks before, that a confrontation with the Senate was inevitable and that it was time to prepare for it" (p 336).

#### On Cynicism in Politics

Speaking of Michel Rocard, he writes that he is a political "surfer," "in turn a brilliant, senior official, pleading, under a pseudonym, in favor of decentralization at the beginning of the 1960's and leader of a faction which called itself revolutionary at the end of the same decade" and who "turned his back, in the name of ideological purity, on the idea of rallying the socialists at the beginning of the 1970's, only to place himself subsequently in the right wing of the socialists in the 1980's" (page 43). Regarding Rocard, who is accused of falsifying the truth in order to embellish his own personality, he says: "Contrary to the idea spread about complacently later on by Michel Rocard, no debate took place among the socialist leaders in May 1981 on an eventual devaluation of the franc" (p 240).

On Laurent Fabius he writes: "Laurent Fabius provides a classic illustration of cynicism in politics. He has a simple idea which he applies with a cold clarity of view. The object is simple: his professional career." The brilliant graduate of the National School of Administration, then minister of industry, and Pierre Mauroy "were not destined to understand each other." The difference in personality exploded when Fabius made an inappropriate request for the use of force to drive strikers out of La Chapelle-d'Arblay. The two men exchanged "venemous" comments (pp 136-139).

Speaking of Pierre Berezgoy: "During the entire period during which Pierre Berezgoy held the position of secretary general of the Elysee Palace, Pierre

Mauroy had to fight tooth and nail to exist. However, he continued to try to bring Pierre Bregovoy into the cabinet, being correctly convinced that he would then be easier to control" (p 128).

Regarding Jean-Pierre Chevenement, to whom Mauroy offered the post of minister of equipment at the time of his third cabinet reshuffle: "This was declined by the leader of CERES [Center for Socialist Research, Studies, and Education], who wanted to keep the position of minister of industry. 'Everything is negotiable except this ministry,'" the prime minister replied. Jean-Pierre Chevenement retorted: "Oh well, it's that or nothing." "'Then it's nothing,' said Pierre Mauroy, hanging up the telephone" (p 14).

Commenting on Jacques Delors: "another figure skilled at repeated resignations." "At first, when there were still illusions about him, the president was personally brought into play. As the months passed, he became more and more disinterested in the attitude of 'the great silversmith' and left it to the prime minister to get rid of him" (p 143).

Finally, last but not least, the author comments on the role of Jacques Attali: "Pierre Mauroy could tell a story about the day when Jacques Attali stopped him at the door of the chief of state to ask him, sheepishly, not to raise the issue of his appointment with Francois Mitterrand. The special counselor of the president had tried to impose himself on his own boss" (p 128).

#### Unprecedented

We hasten to say that to an opponent of the present government none of these comments and none of these judgments is new, properly speaking. On the other hand the real revelation--and, we believe, an unprecedented development in the history of the Fifth Republic--is that these poisoned darts were discovered by a witness who, even if he can plead in good faith that he was a journalist, was and continues to be a close associate of Pierre Mauroy. He found that these missiles had been fired from within the very center of the government. Under the circumstances it is impossible not to interpret this book as a political act, reflecting clearly that nothing is going well within the PS and that the "Mauroy faction" no longer limits itself to making sure that its views are known--like the numberless other factions which constitute the artificial unity of the PS. Rather, Mauroy chose to run the risk of splitting the party to state his positions. There are too many disagreements exposed in this book: on "the mixed economy," on the media, on the schools, and, more generally, on the party "line" which have emerged in the past 4 1/2 years. The "purist" tendency of the "people of the Left" and of the "government of honest people" symbolized by Pierre Mauroy has raised its head in a combative mood which shows that, for many leaders of the PS, their electoral defeat is now behind them and that it is now a matter of preparing for the period after the defeat, placing the party once again in position as the leader of a new "Union of the Left," and bringing back the good old "strategy of rupture" whose abandonment amounted to "intellectual nonsense," it seems, in the view of Pierre Mauroy.

The question is to find out what new rabbit Francois Mitterrand is going to pull out of his hat and whether he will once again find out where the parade is going. However, his charismatic ability to unite his party seems to be completely worn out.

#### Bothorel Remarks

Paris LE FIGARO in French 15 Nov 85 p 6

[Commentary by Jean Bothorel: "The Assassinations Within the Harem: Anything Goes Among the Socialists Since the Question of the Succession to Mitterrand Has Been Opened"]

[Text] And here is L'UNITE, the official organ of the Socialist Party, using a pretext--the book by Thierry Pfister, "La vie quotidienne a Matignon au temps de l'union de la gauche"--to open fire on former Prime Minister Pierre Mauroy, employing terms which leave us flabbergasted. For example, L'UNITE says: "This book is a valuable contribution to the campaign by the Right. When he attacks Fabius or Joxe for their bourgeois origins, indirectly he also attacks the president for his own bourgeois origins." And L'UNITE adds: "If there is money available in the PS, there is much more to be found within the Mauroy faction, however much it may be oriented toward the people." When Mitterrand was first secretary of the party, didn't he "comment ironically on the 'B as in Bank' faction?" The "B as in Bank" faction, of course, is that of Pierre Mauroy, the mayor of Lille.

This murderous commentary comes at the very moment when the name of some of Mauroy's close associates has been associated with the shabby story of a hair dresser in Lille. It also comes after the socialist congress of Toulouse, on which occasion Pierre Mauroy stated he was greatly impressed with Michel Rocard's speech.

The torpedo was not fired in an innocent way. Moreover, since the succession to Francois Mitterrand has been raised, there is nothing which happens by accident. All of the blows delivered are calculated in advance, with Fabius, Rocard, Chevenement, Jospin, and Mauroy, the principal potential successors to Mitterrand, trying to organize their networks of alliances.

On the whole the appearance of things among the socialists is more or less like that, it being understood that this involves a snapshot subject to later modification, depending on the circumstances.

First of all, we have just seen a rapprochement between Lionel Jospin and Michel Rocard. Since well before summer, when the struggle began between Fabius and Jospin about the question of the leadership of the elections campaign, the first secretary of the PS addressed a number of messages to Jospin, the mayor of Conflans-Sainte-Honorine. Now the alliance seems to have been reached. In the next few weeks it is probable that Jean-Pierre Chevenement will in turn support Rocard. That will probably surprise more than one observer. In fact, since he established his think tank, "Republique Moderne" [The Modern Republic], the minister of national education



has dreamed of a form of "neo-socialism" which is not very far from that advocated by Michel Rocard. We forget too easily that the former leader of the PSU [Unified Socialist Party] continues to be very much oriented toward "planning" and basically favors "state intervention" in society. To convince yourself of this, you only have to reread his principal public speeches.

#### A Cumbersome Model

Then, in this strategic structure which considers itself modern, "Mauroy style socialism," intermingled with populism and "the Union of the Left," is very cumbersome. The supporters of Mitterrand, Rocard, and the CERES, if they really want help from the voters who support Mauroy, all have a purpose, objectively speaking, in eliminating Mauroy from the race for the presidency. He is the obstacle to having things go properly, a little like Michel Rocard in the period before 1981. As they cannot "bypass Mauroy on his left," will they seek to discredit him within the socialist party?

Finally, for some time, at least, Laurent Fabius is out of the game. Since the well-known "face to face" television program of 29 October [Fabius and Chirac], all tendencies within the headquarters of the PS have been involved in a real game of massacre. There have been no murderous pleasantries directed at the prime minister, who has not tried to break this attitude of sacred unanimity.

There remains the position of Pierre Joxe, to which it will be necessary to return. As a prominent socialist told us, it seems that, at present, it is he who is the "real leader of the government."

To summarize, there is therefore the Rocard-Jospin-Chevenement trio, which is trying to organize itself; Pierre Mauroy, the troublemaker, who is now under attack; Laurent Fabius, a suspected candidate who is in quarantine; and the mysterious Pierre Joxe.

When it was in opposition in the 1970's, the Socialist Party was able to strengthen its unity around Francois Mitterrand and a frankly fictitious devotion to a form of socialist ideology. However, 4 years in government have been long enough to provoke within this same Left first trouble and then a settlement of old scores. With the legislative elections now 4 months off, the period after the defeat of the socialists is being considered amid the clash of ambitions, in an atmosphere of internal political assassinations and transactions within the socialist temple.

It is a kind of rat race, to the extent that we may wonder whether the president's next press conference can reestablish order in this astonishing struggle among the socialist leaders.

5170

CSO: 3519/38



POLITICAL

GREECE

POSSIBLE KKE (EXT)-KKE (INT) RAPPROCHEMENT NOTED

Athens I KATHIMERINI in Greek 2 Dec 85 p 2

/Text/ The lengthy political resolution approved by the latest congress of the KKE (Int.) Executive Committee could be described as making official the rupture with PASOK with regard to all domestic problems. The KKE (Int.) Central Committee ascertains that PASOK is making a general turn to and following a course toward "conservative and rightist" options, a turn that is made evident through its new economic policy (a policy of one-sided frugality), its clash with the Left and its implementation of high-handed state control measures.

The KKE (Int.) recognizes the existence of substantive problems (economic crisis, social unrest) but it disagrees over the way the government is handling them and because it sees that it will not be effective and also because its results are to the detriment of the interests of the popular classes that are being called on to pay the costs of a crisis for which they are not responsible.

The central committee points out the extent and nature of the clash between the government and the workers, as is made clear in the trade union movement, and the dangers that ensue for democratic institutions and trade union and individual liberties. As an alternate solution the KKE (Int.) proposes "a democratic way out from the crisis" and a "new form of development" without, at the same time, explaining the exact nature of the proposals and their practical correlation with the immediate problems being faced by the Greek economy.

It is impressive that there is nothing in the KKE (Int.) central committee's "political resolution" that was not known before and at any rate nothing that would correspond to the political and ideological problems (and the open discussions being held on these problems) that have recently been of great concern to this party. The only thing that is perhaps impressive is the continued narrowing of its positions to those of the KKE. The question is once again being raised as to whether the sought after particularity of the party can be ensured only with a particular title.

5671

ISO: 3521/50

POLITICAL

GREECE

# OPPOSITE TENDENCIES REPORTED FIGHTING WITHIN PASOK YOUTH

Athens 1 KATHIMERINI in Greek 3 Dec 85 p 7

[Article by P. Papagiorgopoulos]

[Text] Recent changes in the party leadership, particularly the departure of Mr Kostas Laliotis, have resulted in intense infighting among PASOK youth.

Opposing elements in this dispute are on the one hand the main group of leading youth cadres who had until now expressed a "leftist line" and was aligned with the 3 September Proclamation and who had direct access to the top party leader mainly through two members of the so-called "historic leadership," i.e. Messrs Kostas Laliotis and Giorgos Gennimatas.

On the other hand is the newly-established cell of cadres that was recently set up by certain leadership members that, following the departure of Mr Laliotis and the obvious weakening of Mr Gennimatas, turned to Minister of Interior Menios Koutsogiorgas whose group is seeking to make "bridgeheads in all directions. The latter's purpose is to place under its control the organizational apparatus and to perfect its predominance that it seems to have secured for now, following the recent shake-ups. The Koutsogiorgas group, that includes, among others, Ministers G.A. Mangakis, Ev. Giannopoulos and Ev. Kouloumbis, as well as Messrs D. Maroudas and S. Kostopoulos, has already won over Mr Gennimatas' close political friend, Mr Th. Papageorgiou, current secretary of the PASOK youth.

Mr Papageorgiou, under the guidance of his old close associate Mr Koutsogiorgas and Eurodeputy Kha. Papoutsis (editor's note: he was also, among other things, president of the EFEE [National Student Union of Greece]), former top cadre of PASOK's youth, undertook every possible effort to purge leading cadres from the partisan friends of the "historic leadership."

Thus, he had recently planned and succeeded in having two of the three alternate secretaries of the youth organization dismissed and having them replaced by persons who are controlled by him personally. They are Messrs Giannis Nikolaou (editor's note: he had claims on the position of first secretary of the youth organization following the departure of Mr Stefanos Manikas), who is considered as being well disposed to Mr Gennimatas, and also Khristos Smyrlis who openly came out in favor of Mr Laliotis during the recent central committee meeting (editor's note: Mr Smyrlis, as deputy director of OAED [Labor Force Employment Organization], had clashed with Mr Th. Katsanevas, director of the organization and the prime minister's brother-in-law.)

With regard to the departure of Mr Nikolaou who is also an elected member of the PASOK Central Committee and a person very well liked by youth, a "first class alibi" was used, namely the fact that he is now serving in the army.

Assigned as alternates to Mr Papageorgiou are Messrs Giannis Papadonikolaou and Dimitris Karydis, both of whom are under the complete control of the "Papageorgiou-Papoutsis" duo.

The replacement of the third alternate secretary, namely Mr G. Mangriotis (editor's note: he is in Northern Greece where he manages the press office of the Ministry of Northern Greece and where, in fact, he has created many problems in the ministry's relations with journalists in Salonica), was not considered expedient for now. On the other hand, it was preferred that he be gradually put out of commission and gradually removed from the decision-making centers of the party.

In the face of the "general assault" by the Koutsogiorgas group, PASOK's youth leaders who had until now been traditionally oriented toward Messrs Laliotis and Gennimatas, appear to be particularly weakened and broken up following the desertion of its prominent members, such as Th. Papageorgiou.

The cadres of this group, including Dimitris Katsandonis, president of the FEAPTh /University of Salonica Student Union/ and member of the Youth Committee, and Alekos Petrakis, are today particularly troubled over the stance they must maintain among PASOK's youth and more generally-speaking in the party itself (editor's note: within PASOK, youth belong to the party organization and do not constitute an independent organizational unit as such), following the "recommendations" recently given them by Kostas Laliotis, either personally or via persons in his close entourage (as, for example, Mr St. Manikas, current secretary general of the New Generation and former secretary of PASOK's youth), for "self-control and continued presence in the organization" because, according to a top representative of the above group, "the departure of Laliotis and the weakening of Gennimatas creates a vacuum in militant representation of PASOK's Left in the central committee and directly limit the expression of youth problems."

In the face of this situation and while those in the pro-Koutsogiorgas camp are undertaking a reorientation of PASOK's youth political aims toward a more immediate and tougher confrontation with ND within the context of "anti-Right polemics," the so-called "Koutsogiorgas platform," the old Laliotis group is now building its last "defense trench" among "PASOK students."

The student conference in Athens, that recently convened at the Pandeion and about which I KATHIMERINI wrote an analysis, took place in a tense atmosphere while distinguished trade union cadres unleashed sharp criticism of "the government turnabout," the dismissal of trade unionists, etc. In the face of the situation that had developed, the official party line that was represented by Messrs K. Skandalidis and St. Tzoumakas, was forced to call on Mr Gennimatas "to speak to the student comrades" and in essence calm them down somewhat.

However, the greatest "concession" to the leftist youth wing was the forbearance shown by the leadership to the election of Mr Alekos Petrakis to the position of secretary general "of the students." Mr Petrakis, together with Mr Katsandonis, as well as Messrs Giannis Tsamourgelis and Dionysios Kambourakis, make up at

present one of the main cells of the old-time "Laliotists" that survive in PASOK's youth.

They seek "a new approach" to leading elements of PASOK's Central Committee for the purpose of fortifying their party presence among the youth. According to information, they have already made a move toward Mr Dim. Rokkos (PASOK's leftist wing, but with a clear tendency toward the KKE) and Mr And. Tritsis.

For the present, nevertheless, nothing has been cleared up and the old Laliotis group appears surprised about the so-called "Koutsogiorgas bridgehead" that --as noted by well-informed youth cadres-- is being rapidly expanded on a daily basis. As these same cadres observe, they are systematically promoting a "modernistic Koutsogiorgas line with youthful terminology."

Indicative of the situation prevailing at present among PASOK's youth is the fact that those until now in the Laliotis camp openly criticize the secretary general Mr Th. Papageorgiou for the following: on the day the deputy minister of press and a powerful member of the party executive office resigned, "he left the party office and went to the soccer stadium to avoid discussion and confrontation over the Laliotis issue."

5671

CSO: 3521/50

POLITICAL

GREECE

BRIEF

ND DEPUTY DISCIPLINED--Through a decision by Mr K. Mitsotakis, ND leader, Deputy D. Nianias is being brought before the ND Disciplinary Council. According to an ND communique, the action is being taken for his anti-party behavior. Mr Nianias had published two articles in the newspaper ELEVTHEROTYPIA yesterday and the day before yesterday in which he criticized the ND leadership, charging that it had stripped the party of its long-time and tested party cadres and that it had permitted nepotism. Mr Nianias had been elected deputy for the first time in 1974 in Lesvos and had been reelected since then. He was minister of culture and science from 1978 to 1980. Previously, he was secretary general of the Ministry of Education under the Pipinelis government and in the Mavromikhalis service government in 1963. He was deputy minister to the prime minister in the Paraskevopoulos government in 1966-1967. It is to be recalled that Mr Nianias, who had warmly endorsed the election of Mr. K. Mitsotakis as ND president a year ago, is the 13th deputy who has disagreed with the party leadership over the 5 months that have elapsed since the last elections. (These deputies are Mr I. Boutos and Mr. Dion. Livanos who have become independent deputies and 10 others who have formed the Democratic Revival). /Text/ /Athens  
I KATHIMERINI in Greek 28 Nov 85 p 17 5671

CSO: 3521/50



POLITICAL

ITALY

BRIEFS

NEW PSDI LEADERSHIP--The new leadership of the Social Democratic Party (PSDI) is complete after the election of its secretary, Nicolazzi. Yesterday the PSD leadership appointed three vice secretaries: Graziano Ciocia, Nicolazzi's substitute; Gianni Manzolini; and Ferdinando Facchiano. [Text] [Rome Domestic Service in Italian 0700 GMT 8 Nov 85 LD] /9738

CSO: 3528/32

POLITICAL

LUXEMBOURG

ARMY MINISTER ON IMPROVEMENT OF INTERNAL SECURITY

Luxembourg LUXEMBURGER WORT in German 7 Nov 85 p 4

[Interview on 6 November 1985 with Army Minister Marc Fischbach by LUXEMBURGER WORT editor Rene M. Rausch: "We Are Taking Immediate Measures"; place of interview not indicated]

[Text] The government wants to pursue new ways in fighting crime. This was stated by Army Minister Marc Fischbach in an interview with us. Minister Marc Fischbach had informed the parliamentary committee on Public Order which met under the chairmanship of Edouard Juncker (CSV) yesterday concerning the security situation in Luxembourg and the planned immediate measures for increasing the fight against crime. The statements of the minister indicate that a need to catch up which originates in the past must be met as quickly as possible. Thus a study is now being conducted whether the program concerning an additional increase of the effective strength of the gendarmerie and police by 120 units should not be accelerated. Originally 20 additional policemen were to have been added every year until 1990. Also new, more suitable weapons systems are to be procured for various purposes.

The minister further pointed out that now 20 female trainees are to be trained within a short time. They are to be used for surveillance duties. By this decision, 20 male policemen are available for other duties. Also 50 members of the volunteer army gradually are to be included in the internal security area.

[Question] LUXEMBURGER WORT: After the tragic bank holdup last week voices were heard which maintained that the government has not taken the necessary measures to enable it to combat criminality successfully. The opposition also asserted that an effective strengthening of police and gendarmerie manpower by 120 units will not be achieved since even the normal effective strength is not being attained. How do you comment on these assertions and what does the government intend to do in the near future to achieve an improvement in the security precautions?

[Answer] Minister Marc Fischbach: After the tragic bank holdup of last week the government is aware to the fullest that conclusions are urgently called for in the direction of strengthening our police in terms of personnel, equipment and infrastructure. Criminality has grown constantly in recent years and has probably assumed extreme dimensions this year. The government is determined to quickly take all necessary measures for a successful fight against criminality. The decision of the government to hire 20 additional policemen each year until 1990 is to be viewed in this light. This will entail a strengthening of the effective strength by 120 units. However, I am of the opinion that the existing program must be reexamined. An attempt should be made to speed up the plan.

Along these lines, 20 female trainees are to be drafted who, after short training, can be used in the brigades and in the police stations. However, it should be noted that the duties of these female guardians of public order cannot be the same as those of their male colleagues. The female police and gendarmerie members will carry out very specific duties, such as in the surveillance field. By these measures 20 male colleagues are made available for other uses.

LUXEMBURGER WORT: Isn't there some thought being given to the creation of new intervention units in police and gendarmerie?

Minister Marc Fischbach: Thought should be given to the creation of a special corps of security officers with gendarmerie and police. These persons could have a specific charter and a professional career of their own. They could be used, e.g., in surveillance missions and static duties. Such a unit could especially perform the manysided tasks of our security forces in the area of the capital, which are above all the result of the international mission of the city. Thus these policemen would not be used for certain purposes which require special and lengthy training (thus, e.g., fighting big crime).

LUCSEMBURGER WORT: What other immediate measures has the government planned?

Minister Marc Fischbach: I have repeatedly pointed out that the government has decided to place 50 soldiers of our volunteer army outside the quota and to include them gradually into the internal security field. Furthermore it would be very important to consider whether, in addition to the "Brigade mobile," it would not be appropriate to bring together specially trained policemen into a kind of intervention section.

LUXEMBURGER WORT: Furthermore, the opposition reproached you for not having trained the security forces adequately and for the obsolescence of your methods of fighting criminals. What is your reaction to such accusations?

Minister Marc Fischbach: As I have already underscored in the Chamber of Deputies, the training of the policemen takes 3 years. In foreign countries, such as in France, training is about only 5 months. In the future the advanced training of the gendarmerie and police officers is to be even further intensified. At this time, more intensive training exists only for the "Brigade mobile" and the crack marksmen. The policemen must participate in three firing practices annually but if possible the firing range is available to them once more every week.

The equipment now available is to be improved. New, more suitable weapons systems for the various purposes of employment are to be procured. However, it should be noted that the police possesses sufficient bulletproof vests and protective helmets for commitment. Starting with the coming year, each policeman and gendarme is supposed to have his own bulletproof vest and his protective helmet. At present there is a great need to catch up since in past years the necessary measures for public safety were not taken. Corrective measures will be taken here in the coming months.

It should also be noted that the number of police dogs, which constitute an important element in fighting crime, will be increased.

Furthermore, in my opinion it is advisable to get together as quickly as possible the government, the police and the responsible officers of banks to delimit the responsibility as regards the internal security precautions in the banks.

LUXEMBURGER WORT: Mr Minister, we thank you for this conversation.

12356

CSO: 3620/95

POLITICAL

PORTUGAL

## POLITICAL INFLUENCE OF MILITARY, CHURCH DISCUSSED

### No More Military Candidates

Lisbon EXPRESSO in Portuguese 9 Nov 85 p 20-R

[Commentary by Maria Clara Mendes]

[Excerpts] It happens that all the military officers who were willing to run for the presidency have withdrawn because of the indifference of the electorate and of the party organs whose leaders were still accepting the idea of supporting a military candidate. In fact, even the withdrawal of the military officer mentioned most in the polls (but far below Lourdes Pintasilgo, Freitas do Amaral and Mario Soares), Firmino Miguel, did not give rise to any concern outside the limited group of leaders who were backing him.

These withdrawals and the indifference signal the end of the political role of the military, the approach of which had been reported long ago.

What is not ruled out is the possibility, occasionally invoked, that the Portuguese people would find it difficult to vote for a woman for president. Therefore, any Eanes candidate will stand tall between Eanes himself and Lourdes Pintasilgo. The appearance of Salgado Zenha--a Socialist with great prestige in democratic circles but long since retired from politics--calls for some reflection of the problems that could be facing him.

On one hand, the attorney from Braga will have to dissociate himself from the party to which he has always belonged. Such a stand, taken not in protest against the ideological deviations of the PS [Socialist Party] but simply to win an office, could cost him heavily among potential voters of the Center/Left.

On the other hand, whereas Lourdes Pintasilgo and Mario Soares have been supported by an electorate which, according to the polls, oscillates between 20 and 30 percent and 15 and 18 percent, respectively, in the case of Francisco Salgado Zenha, the polls reveal indifference or, mainly, unfamiliarity with the name.

Eanes: Another Soares?

With the PRD [Democratic Renewal Party], the PCP [Portuguese Communist Party] and a segment of the PS divided between his candidacy and that of Lourdes



Pinto-Silva, Salgado Zenha will not find it easy to win votes on the Right; in addition to ideological reasons, he will come up against a strong adversary here. In fact, Soares has a loyal constituency, whose numerical value is reflected in the polls and which will act as a damper on the movements of the new candidate, not to mention that the profile of the Socialist secretary general is more suitable to the Social Democrats who consider that Freitas do Amaral would be a very conservative president and hardly up to the political project which they would like to see carried out in our country.

Although it is difficult to prognosticate in politics, given these conditions, a new candidate (even one supported by Fanes) will have great difficulty winning voters, all the more because the withdrawal of Costa Braz has put Ramalho Fanes in a delicate position.

The social dynamic, on one hand, and the positioning of the voters, on the other, lead one to predict that the president will have to adapt his strategy and his project to the options of the PRD, the party which he has supported. Ramalho Fanes already lost the battle over the presidential candidate, and unless a party is formed around him, his political activity may have come to an end. Having made his support for Costa Braz public, the president cannot now announce a preference for any other candidate without jeopardizing the prestige of the presidential office and his strong and consistent image, falling into the vacillating opinions and attitudes for which Mario Soares has always been criticized.

#### Military, Religious Influence

Lisbon DIARIO DE NOTICIAS in Portuguese 12 Nov 85 pp 7, 11

[Commentary by Jofre Justino]

[Text] 1. One by one, the military candidates have been lining up in the race for nomination for the presidency of the Portuguese Republic and, one by one, the citizens have been witnessing their successive withdrawals. This time, oddly enough, the candidates who were lining up were all located on the Right or to the Center/Right, but the important thing is that the withdrawals demonstrate, or at least seem to demonstrate, a loss of power of the military institution in the Portuguese political scene.

At least, this is what we would say if we lived in another country, and we could draw these conclusions:

--The growing acceptance by the military institution of the civilian character of Portugal's present political regime.

--A weakening of the institutional weight of the military forces because of obvious internal division and the fact that the military do not feel that all or the majority of them are represented by any of their high-ranking officers.

--All or the majority of the military institution does not feel it is represented by any of the civilian candidates existing now.

However, it is general knowledge that, in the 6 October elections, the PRD [Democratic Renewal Party] was affirmed as the third most powerful political force in the country and that it obtained this vote by declaring that, institutionally, it represented the present president of the republic, a military officer, one of the leaders of opinion of the military institution. We know, at the same time, that the president expressed at least potential support for Costa Brás, another military officer, and that his party, at least potential party, rejected that candidate. We also know that the 25 April Association is made up of military officers and that a large number of its representatives have suggested supporting civilian candidate Maria Lurdes Pintasilgo.

So the military institution is divided, to the Right and to the Left. Part of the military institution which supports the self-styled Fanist party, the PRD, supports a civilian candidate while another part, after the withdrawal of a military candidate, is vacillating between silence and another civilian candidate as well, in any case, already in a state of desperation.

It remains to be seen if the military institution as a whole is in fact accepting the civilian character of the present regime or if it is simply cloaking its intervention in political power with one or another of the civilian candidacies.

It also remains to be seen how the rest of the military institution will react after some presidential elections are won by the Left, with the existing internal division at the civilian and military levels.

At the very least, it may be concluded that, day by day, the military institution in Portugal is losing political weight at the Center and the Left.

2. The religious institution in Portugal is obviously dominated by the Catholic Church, which is strongly represented in the race for the presidency. Both Freitas do Amaral and Maria de Lurdes Pintasilgo are publicly associated with the Church. It may be said that the former represents its more conservative wing and the latter represents its more progressive and populist wing. However, it does not appear, at least not as obviously as in the case of the military institution, that the Church is divided in this election contest, suggesting that the Church is well aware that neither of the candidates is competing with the other, considering the socioideological blocs, and it intends to be covered in the event that either one of them should win the election. Incidentally, no one can deny the increasing involvement by competent representatives of the Catholic Church in the political scene, both before the early elections, in opposition to the previous government and, particularly, to the PS [Socialist Party] and its leader Mario Soares, and more recently. For the first time in the last 60 years, the Catholic Church has publicly voiced concern about the material conditions of the life of the Portuguese citizens, which will certainly have a positive effect in the long run, and has related these conditions directly to a specific government.

Considering the two Catholic candidates and their weight, the Church has significant influence over social and political life in Portugal. A victory by either one of the candidates--and it is a shame that the religious power does not perceive this--will result in [only] short-term victories for the Church.

3. At the political and social level, Freitas do Amaral does not represent at least 60 percent of the Portuguese citizens; he does not understand their aspirations and, if he is elected, it will generate a growing chasm between the political power and the civil society. Again on the political-social plane Maria de Lurdes Pintasilgo does not represent at least 59 percent of the Portuguese voters, she does not understand their aspirations either and her evident voluntarism cannot fail to provoke perhaps even greater cleavage between the political power and the society.

With either of the two candidates, the Catholic Church will pay a high price in the end. The elitism of one and the populism of the other will put the Church in a tight spot, since it will be directly represented in the political power from then on, like it or not.

Freitas do Amaral, who could bring political pressure to bear to revoke legislation which the Church opposes, could also cause reversals in an area in which the Church has also intervened recently: the material conditions of the life of the citizens. Maria de Lurdes, under pressure, will find it difficult to intervene in areas most contested by the Church, on the spiritual plane, and if she intervenes it will only be through referenda on these matters--and in that case the Church will lose as it lost in Italy, Switzerland, etc. Pintasilgo could act upon the recent political concerns of the Church, but by pressuring for increasing state intervention in economic and social areas, she could place the Church in direct opposition to a significant portion of its religious faithful.

4. The Church will understand too late that its best bet would not have been a frontal attack on the PS/PSP [Socialist Party/Social Democratic Party], but neutrality or even support for Mario Soares, because the actions of this leader which the Church contested at the spiritual level were in areas which the Church had already lost a long time ago, and the interventions which the Church disputes at the material level would lead to less statist and more social solutions and would be accomplished through a longer-range strategy--Mario Soares' strategy.

Moreover, Mario Soares represents, and would represent as president of the republic, the area of society at the political Center more easily than the other candidates, for all their efforts. Taking in areas to the right and left of Center, stabilizing the political regime, Soares would enable the Catholic Church to intervene more profoundly in the area which is rightly its own--the spiritual area.

5. We could also ask ourselves if Mario Soares has already lost the presidential election. I think that Mario Soares, who could have been the early winner if his government had paid heed to two serious ills that were eating at the country, corruption and the poor living conditions of its citizens, could still recover from the defeat of the PS.

For 2 years, Mario Soares and the PS leadership isolated themselves in office; they lost contact with the citizens, they did not listen to those who reminded them of the importance of hearing out the leaders of opinion at the district level, the area of interaction; [they did not listen to those] who advised them

to curb the elitist tendencies of some of their cadres and not to forget the poor background of a significant part of their constituency.

For 2 years, Mario Soares and the PS were tied into a long-range strategy which had to take into account their then ally, the PSD, although the latter never troubled itself about the PS and blocked Socialist measures in such areas as labor, education and agriculture, all ministries under the PSD, and now generally seen as areas in which the government was an obvious failure.

But Mario Soares is an expert in swallowing defeats by taking off his coat and rolling up his sleeves again. This is his image. Every leader has his own image and Soares has an image which the people love, whether his advisors like it or not. By going back to the people, debureaucratizing his image, reviving the dialogue with the citizens, Mario Soares could still win.

--Perhaps just because his most direct rivals are too aloof to make the rounds of the polling places on election day.

Racially, it is a matter of appealing to the country's third political-social institution: dialogue with and among the citizens, which has always made up for the lack of public communication in this country, which only reaches a tiny percentage of the citizens.

This is a political-social institution which the republicans never ignored, just as the opponents of the old regime never forgot it, this institution which so plagued the PIDE [International and State Defense Police]--the discussions in the cafes, within the family, among the workers at their jobs.

This is the only social-political institution, aside from the party apparatus in the broadest sense, which remains to Mario Soares, and it is one which, for many long years, he has really known how to use.

6362

CSO: 3542/34



POLITICAL

PORTUGAL

# PCP-PRD SEEN UNITED AGAINST PINTASILGO

Lisbon SEMANARIO in Portuguese 19 Oct 85 p 6

[Article by Marcelo Rebelo de Sousa]

[Text] The objective convergence of tactics by the PSD [Social Democratic Party], the PRD [Democratic Renewal Party], and the PCP to defeat the PS [Socialist Party] and its unsuccessful presidential candidate Mario Soares ended on 7 October.

From that date on, each party was bound to follow its own path, pursuing naturally divergent strategies.

In the PSD's case, the strategy laid down and pursued was and is aimed at favoring the government: forming a minority government, getting it approved in Parliament thanks to tolerance or nonrejection by others, negotiating at the prime minister's residence as required to reach the agreements necessary for passage of the most urgent laws, implementing a number of economic, financial, and social measures with particular popular effect, reducing the impact of the presidential election, and obtaining agreement from the candidate receiving its discreet support that he will not dissolve the Assembly of the Republic or dismiss the newly constituted government and thus prevent achievement of Social Democratic intentions as far as government is concerned.

The PSD's strategic belief is, therefore, that although in the minority, the prime minister and the government must and will be the pivot of national political life and form the basis for creating the power needed to control events, widen parliamentary support, and administer Portugal in a lasting manner. A good government would be indestructible in Parliament and would clear the way for solid and stable national leadership.

The presidential election is regarded as secondary. If the candidate supported by the PSD wins, so much the better. If he loses, no great harm will be done.

For the PCP and the PRD, wrapped in the victory of 6 October, the strategic line is the exact opposite.



It does no good to hold formal power without exercising real power. A prime minister and government that are in the minority inevitably have only formal power or the appearance of power: winning control of Belem Palace [the presidency] is the only thing that will effectively ensure real power if it is linked with a government and a majority of the same persuasion. Even if that majority is hard to achieve, the fact that the president of the republic leans toward a strong parliamentary minority favors the latter's progress and frees it of dependence on imponderable factors. On the other hand, controlling a minority government now but losing the presidential election will mean losing that government a few short months from now.

The joint strategic belief of the PCP and the PRD is, therefore, that the big battle to be won is the presidential election, since the importance of the future president of the republic will be greater than ever due to the splintering of the parties and the existence of a government without a majority in Parliament.

Concerning the PSD government, they feel that it must be allowed to form with the opposition of the PCP and the absentminded good will of the CGTP [General Federation of Portuguese Workers] and the PRD, the subsequent objective being to elect their own president of the republic and aim for early legislative elections and a new advance by General Eanes' party.

The argument that a competent government is indestructible is answered by the PCP and the PRD, based on 10 years' experience, with the statement that it is an illusion to expect the opposition parties to stop being what they are and that, on the contrary, their aggressiveness has in fact increased in direct proportion to the number of successive governments. The result, they say, is that more than one government has fallen, not when it was passing through its worst phase, but just as it was about to record its best results.

We therefore have two different strategies on the national political scene: the PSD's government strategy and the presidential strategy of the PCP and the PRD. And both are aimed at trying to achieve national leadership, with the PSD hoping to expand in size both toward the left and toward the right and with the PRD hoping to grow appreciably in the next election campaign.

After being objective allies on the tactical level, Cavaco Silva and General Eanes have become inevitable and unyielding adversaries strategically and, now, tactically as well.

Inevitable because the PSD and the PRD will try to win the upper hand in the government and among the parties within a few months. And unyielding because one of the two is going to win. In these matters, apparent stalemates are always temporary.

There are several immediate consequences of what has been said above, and they have dominated our political life over the past few days:

First, both the PSD and the PCP-PRD have been trying to guide the national "political tempo," and this has caused their respective strategies to stand

out. For the PSD, the essential thing is to talk about the government and ignore the presidential election: to announce that the government is ready, emphasize the effectiveness of its leader, concentrate public opinion's attention on the government, and encourage miscellaneous hopes, expectations, and desires. And, at the same time, to avoid the annoying subject of the presidential election: to postpone it, tone it down, and blot it out.

For the PCP and the PRD, it is important not to allow more than minimum attention to be centered on the government, beef up the importance of the presidential election, start talking about local governments, and gradually prove the precariousness of the PSD's idea for government, thus deflating miscellaneous hopes, expectations, and desires concerning the new government.

President Eanes' official visit to the United Nations and the passage of almost a month between the elections and the PSD's installation in power are not contributing to the objective of swiftness, which is essential to the PSD.

But everything will depend on the ardor with which the runup to the presidential campaign begins. The fact that the Social Democrats will have to express themselves on that subject, added to the offensives by the present candidates and the faint appearance of a new candidate on the left--none of this is facilitating the task of the Social Democrats.

The presidential campaign has already begun to dominate the national political scene. That reality may be premature, but it is obvious, and it is forcing the PSD into important means of public expression that will emphasize the government or, more intelligently, assume control, in precise terms, of the timing of the presidential election (which is compatible with the strategy outlined).

Second, for the PCP and the PRD, it is essential to win Lisbon and Porto away from the Right. To that end, a plan was even worked out for a broad agreement between the APU [United People's Alliance] and the PRD--a plan that was opportunely exposed and paralyzed to some extent by Jose Miguel Judice.

But the problem remains. Winning Lisbon and Porto away from the AD [Democratic Alliance] administrations of the past is crucial to the PCP-PRD runup to the presidential election. Perhaps because of that, there has been talk of running General Garcia dos Santos in Lisbon and Pinto da Costa in Porto. Perhaps because of that, APU support in those municipalities for the candidates heading the PRD's lists has been suggested. Perhaps because of that, it is not odd that Communists and Eanists are seeking a clever last-minute formula for achieving that highly desired victory.

Third, we come at last to the main concern of the PCP and the PRD these days: its name is Lourdes Pintasilgo.

The PCP and the PRD need to win the presidential election.

Both consider it possible, in the light of their success in the elections on 6 October, to find a military candidate, an "April captain," who will go into

the second round with their combined 34 percent (after crushing the weakened Soares in the first round) and then polarize enough Socialist voters to defeat the rightwing candidate.

To make progress with that plan, it is necessary:

- a) To choose the military candidate and launch him within 2 or 3 weeks.
- b) To guarantee support, sponsorship, and even public endorsement (direct or perhaps through his wife) by General Eanes for that candidate.
- c) To run a "puppet candidate" for the PCP to counter the inclination of Communist voters to vote for Pintasilgo. This candidate will then withdraw in favor of the "democratic candidate from 25 April."
- d) To select a figure whose image will not alienate Socialist voters in the second round, even if Soares then comes out against the Communist-Eanist alliance.
- e) To ensure that Pintasilgo, with her unbridled populism, does not victimize the chosen candidate by taking votes away from him. This will be done by making a close-order attack on her, calling her a "traitor" since she was once an adviser to General Eanes.

In this scheme of things, Pintasilgo is in the way. So she must be swept off the horizon. And the sooner the better.

Over the next few weeks, everything will be done to undermine and weaken her.

Her supporters will be won over. Her possible financial backers will be called to reason. The most enthusiastic of her followers will be isolated, besieged, and persuaded of the weakness of her chance of election.

There will be an intense and persuasive struggle against the clock in the Portuguese Left, specifically in that portion situated to the left of the debilitated Socialist Party.

In the face of that struggle, the Right cannot and must not interfere. But it cannot and must not take no interest in it.

It is not the Right's problem. Pintasilgo, with her apostolic messianism, is not a desirable president in any European country that has stabilized in a pluralistic democracy that identifies more with NATO than with the Third World. The PCP-PRD military candidate is, if possible, worse, since he represents the most obvious danger of advances by that political sector in national life.

The only thing is that of the two, Pintasilgo is the one most objectively useful to the Right. Without her in the race, the "April captain" candidate will massacre Soares in the first round and may turn out to be unstoppable in polarizing Socialist voters in the second round. With her, there will be

three leftist candidates in the first round, and it is very possible either that Soares will go on to the second round or that whichever of the others reaches the second round will do so with 25 percent or less, thus reaching the moment of truth in a weakened state.

With Mario Soares facing the rightwing candidate in the second round--and keeping in mind the inclination of the institutional PCP never to vote for Soares under any circumstances--there is a considerable possibility of a victory in the presidential election by that part of the political spectrum that is important to us. A debilitated April captain or Pintasilgo in the second round is a much better panorama than the confrontation with Pintasilgo a few weeks ago.

Anything that divides the Left is good for the Right. Two candidates are better than one. Three candidates are better than two.

Because of that, it is of interest to the Right that no matter what they do, the "April captain," the PCP, the PRD, and General Eanes should not succeed in making Pintasilgo back out.

It is not the Right's struggle, but the Right has an indirect interest in it.

It is obvious that the PCP and the PRD (and especially, in the latter, the sectors of leadership which have never concealed their preference for the "April captain") should do everything possible to eliminate Pintasilgo.

That she may yield to those pressures is less obvious. She has already attacked the idea of a military candidate. Objectively, she has already set forth the reasons why intellectuals should oppose that candidate. She has already stated--in black on white--that she does not even accept the idea that General Eanes should choose his successor as though he were a monarch.

Will these cries of protest from a self-proclaimed nonaligned Left against the bureaucracy of the hypocrites in the PRD, Belem Palace's silence concerning Lourdes Pintasilgo, and the Communist strategy of freezing her out be enough to avoid running the risk of losing in January what was won in October?

Will they succeed in blocking the "April captain" candidate?

Let us wait attentively to see. And with curiosity: the friends and comrades of yesterday may--who knows?--split up and fight each other today.

Although it is true that the PCP and the PRD scored many points 2 weeks ago, who is to say that that anarchospiritualistic thorn named Lourdes Pintasilgo is not going to split them even more than Otelo Saraiva de Carvalho divided the Communist Left and the extreme Left in 1976?

Is this not the season for utopia and populism?

11798

CSO: 3542/16



POLITICAL

PORTUGAL

# JARDIM DISCUSSES REASONS FOR NEEDED CONSTITUTIONAL CHANGES

Lisbon TEMPO in Portuguese 18 Oct 85 p 5

[Article by Alberto Joao Jardim, chairman of the government of the Autonomous Region of Madeira and member of the Social Democratic Party]

[Text] It was disturbing that on the very day following the latest elections, some analysts and even men in the political class were calmly admitting the possibility of new early elections. We did not even know the election results yet, and it was already being announced to the Portuguese people that they might have to go to the polls again!

Such a thing is possible only under this politicoconstitutional system, which was designed by the Communists and the MFA [Armed Forces Movement] in the constituent assemblies of 1975.

The parliamentary system they imposed on us does not reflect the feeling of our people, nor is it capable of responding to the legitimate yearnings and visible distress of the Portuguese. It is a parliamentary system in which there is no personal connection between the voters and the deputies.

We have the longest constitution in the world--resembling a penal code--and it was imposed on one of Europe's smallest countries and now its poorest. Our constitution contains 311 articles which have in fact cramped rather than freed the Portuguese nation's potentialities for development.

We are headed for our 17th government in 11 years, and its prospects are precarious. Is this how the problems of the Portuguese people are solved?

We are repeating the experience of the First Republic, which came to a sorry end in the hands of a dictatorship. Let us have no illusions. History is going to repeat itself if we do not institute a new republic legally and throw out the system by the purest democratic means: the referendum.

The politicians who reject that idea, although calling themselves democrats, are simply digging democracy's grave.

The French constitutional system is not a true presidential system, but it is the minimum of minimums desirable for Portugal.

From 1945 until 1958, the parliamentary system in effect in France was similar to what exists in Portugal today. Instability was total--there were even governments that lasted 8 days! The anarchy in government was hallucinating, and the world had begun to laugh at France, just as we are also the butt of international humor today.

De Gaulle changed the French Constitution through the referendum and strengthened the powers of the president of the republic, who was given authority to preside over the Council of Ministers and oversee foreign policy and defense policy. France has become stable and experienced progress since that time, and today it is again a major power. Only a fool would say that France is not a democracy. The people are the same, and many of the politicians are the same: it is the system that is different.

I refuse to believe that there are no intelligent, competent, and patriotic men in the Portuguese political class. But they have been crushed by our system, which prevents them from serving the fatherland effectively.

The U.S. presidential system itself, based on a Constitution with only 25 articles, has forged the most stable democratic system in the world--it has lasted 200 years--and enabled the United States to become the world's greatest power today.

But despite that presidential system, the U.S. Congress has more powers than many parliaments in the parliamentary systems, and it blocks any inclination toward personal power on the part of the president, who cannot be elected for a third term.

The parliamentary constitution we have--a product of the MFA (now the PRD [Democratic Renewal Party]) in cooperation with the Communists--is responsible for a genuine socioeconomic catastrophe in the lives of the Portuguese, as is shown by the following figures referring to the end of 1984 (the situation today is even worse). The state owes 2 billion contos plus nearly 3 billion contos abroad (1,120 contos for every family of four). Indebtedness to state-owned enterprises exceeds 500 million contos, and that to Social Security totals around 100 million contos. We have a trade balance deficit of nearly 400 million contos, a deficit of 80 million in the balance on current account, and 300 million in bad loans (granted by a few political managers of the demagogic and needlessly nationalized banking system).

We also had 478,000 unemployed in 1984--5,000 more than in 1983 and 158,000 more than in 1980. There were 150,000 workers to whom back wages totaling 10 million contos were unpaid. And 500,000 workers were employed under term contracts, making them potentially unemployed.

Wage losses totaled 23 percent in agriculture, 29 percent in civil construction, 42 percent in the processing industry and the civil service, and 43 percent in the national minimum wage!

And over 16 percent of the amount paid out in wages goes for the payment of taxes.

In the face of that catastrophic evidence, the Portuguese "political class" continues to defend the current parliamentary system and antidemocratically rejects the referendum so that it will be the one to "review" the Constitution in Parliament, thus retaining its privileges. It has gone so far as to suggest the possibility that Parliament will even arrogate to itself the right to elect the president of the republic!

The appearance of another big party--and one, moreover, with the features known to be those of the PRD--will strengthen the parliamentary system in Portugal and jeopardize the democratic system even further owing to the greater instability in government that can easily be foreseen.

I believe that several people did not understand my public call for a coalition between the PSD [Social Democratic Party] and the PRD. The fact is that I am convinced that the PRD--Peronist, Third-World oriented, and unfit for civilized European consumption--is the new, well-washed disguise for the MFA in its Melo Antunes dressing--in other words, one pleasing to the Communists.

What are they seeking to achieve by playing on the naivete of others? A constitutional repetition of 25 November [1975].

Strategy? To begin with, the parliamentary agreement making the PSD minority government possible so they can tell the Portuguese that they are so well intentioned that they even made such a government possible.

Second, agitation by Communists and others so as to wear down Cavaco Silva's team. And at the calculated moment, they will pull the rug out from under his feet.

Third, they will present themselves when that happens as the "saviors" and mobilize the Socialists for a new government without the PSD, putting Mario Soares in a difficult spot within the PS [Socialist Party]. That government would have the support of the Communists, who would stay out of the government as a face-saving measure for the deceptively named "renewers" [the PRD]. But that Communist support would give Cunhal's men a decisive role in the state apparatus.

Angelically, Eanes would provide the cover for all this. The presidential majority of 1980 would be reconstituted in Parliament and in the government, and power would return to the MFA in its new clothes.

For some reason, and from a civil and European standpoint, Sa Carneiro regarded Eanes as the chief adversary in relation to Mario Soares.

Challenging the PRD to be part of the coalition can only have one result: it will force them to say publicly that they do not want government responsibility now, thus providing sufficient ammunition, both now and later,

to denounce their strategy and open the eyes of many good citizens--or it will force them to make a clear statement, and that is also needed.

The real revolution needed now in Portugal has nothing to do with the MFA and its new image. Establishing a new republic has nothing to do with weapons. It has to do with the oldest and purest democratic formula in the world: the referendum.

Despite the chaotic Goncalvist aggression against the Portuguese that was defeated by the people's vigorous reaction, particularly in the north and in the islands, Portugal was still in a position 10 years ago to respond economically and had not deteriorated socially and morally as it has today--with, for example, 122,000 young people hooked on hard drugs.

We have had 10 years of a parliamentary system accepted by an indifferent president of the republic who, once installed in Belem Palace, confined himself to witnessing all that deterioration and letting it happen!

Only a new republic can save Portugal and the democratic system. Only government stability will make possible the reconstruction of what has been destroyed.

One-fourth of Portugal's voters are still not entering a fantasy world, and they did not vote. This is called the disenchantment, despair, and defeatism of those who no longer expect anything from anyone.

I am also a member of the political class. But I want to make it very clear that above all, I am a "dissident." A dissident from the system, which I say is dragging Portugal and the Portuguese toward an abyss from which there is no return.

I do not agree with what exists and what can be seen. Economic and social rupture is being caused by the current Constitution. The struggle for a new republic must continue. The demand for a referendum must be intensified.

11798

CSO: 3542/16

POLITICAL

PORTUGAL

# BRIEFS

**PRESIDENTIAL ELECTION DATE**--General Ramalho Eanes is going to schedule the presidential election for 12 January 1986 so as to avoid calling the Portuguese to the polls on the day before Epiphany, the last holiday of the Christmas season. According to article 128, No 2 of the Constitution, "the election may not be held during the 90 days preceding or following the date of elections for the Assembly of the Republic, the term of the outgoing president being extended for the necessary period." Since that 90-day period will end on 4 January, the possibility of holding the election on the following day was also considered. Sources at Belem Palace told TEMPO that official announcement of the date for the presidential election was not yet being considered, since the notice must be published a minimum of 30 days before the election and there is still plenty of time to elect a chief of state for the third time since 25 April 1974. If no candidate wins more than half of the votes validly cast, there will be a second round "within 21 days of the first round," as provided in article 129, No 2 of the Constitution. The second round will be a runoff between the two candidates winning the most votes in the first round and not withdrawing in the interim. [Text] [Lisbon TEMPO in Portuguese 18 Oct 85 p 8] 11798

**NATIONAL ASSEMBLY DISSOLUTION**--"Dissolution of the Assembly of the Republic following the presidential election would make some sense only if early elections were made to coincide with the election of deputies to the European Parliament." That is what TEMPO was told by a source close to the Constitutional Court, who did not want to be identified because the matter is political and the time limits for such a measure are clearly established in the Constitution. Analysts in the most varied quarters have commented on the large number of abstentions in the election last 6 October. Since the specter of the First Republic, whose collapse was also due to a lack of interest by most voters, is still present, it is felt that repeatedly summoning the citizens to the polls may, paradoxically, weaken a political system based on universal suffrage. Concerning the time limits established in the Constitution, article 175 states that any dissolution decree within 6 months following the latest legislative elections purely and simply has no legal existence. So until the end of the first week of April, the new Assembly of the Republic will be safe from dissolution under the terms of the Constitution under which we live. [Text] [Lisbon TEMPO in Portuguese 18 Oct 85 p 8] 11798

CSO: 3542/16



POLITICAL

SPAIN

# CARRILLO TO PERSEVERE NO MATTER WHAT

Madrid TIEMPO in Spanish 28 Oct 85 pp 21-23

[Interview with Santiago Carrillo by Nativel Preciado; date and place not specified]

[Text] Santiago Carrillo says that he prefers a smart rightist to a dumb leftist. The PCE [Spanish Communist Party] has ostracized him; others say that he had it coming. The fact is that at age 70 Carrillo is "like a pariah." In this interview he speaks of the divine and the human, of God and of Gerardo, and he does so with talent and imagination. He seems indestructible, prepared to begin the final battle in search of peace.

[Question] You have suffered more during these years of democracy than during 40 years of dictatorship.

[Answer] In a way, yes. My exile was long and unpleasant, like all exiles, but the party's crisis is a problem that puts a person's endurance to the test.

[Question] Who has hurt you more, Franco or Gerardo Iglesias?

[Answer] Franco unquestionably did more damage to what I represent and to Spanish democracy. There is no comparison between the roles of Gerardo Iglesias and Franco. Moreover, the blame for what is happening belongs to me, not to Gerardo Iglesias.

[Question] How's that?

[Answer] Yes, I am to blame, for having overestimated Gerardo Iglesias's qualities. The crisis in the Communist Party has not yet hit bottom, but the situation is grave because the party is split in three. The important thing now is to see how we can rebuild a communist option for the 1986 elections.

[Question] Did you ever think that the party's young people were going to do to the legendary Carrillo what they were unable to do to Fernando Claudin and Jorge Semprun?

[Answer] It is true that they had an easier time of it. Claudin had very little support in the party. Moreover, time has shown that our criticisms of those leaders for their rightist drift were on the mark. The Claudin affair was settled once and for all the day he came out for Spain's continued membership in NATO. The current leaders of the PCE have managed to retain the party's initials, and for the time being this gives them an appearance of strength that they really do not have. The traditional Communist Party is divided in three.

[Question] Gerardo is always saying that the traditional Communists are with him, especially Dolores Ibarruri, who is a symbol of legitimacy.

[Answer] Gerardo is manipulating Dolores. She attends the functions but never speaks up; the only thing she does is sing the old anthems. Right now, Dolores has no particular spot. She is a very worthy and noble figure who belongs to all Communists, to the struggle for democracy in Spain and to the history of the international labor movement. I think that using her this way now, at the age of 90 and under the circumstances, is far from ethical.

[Question] The party is going to pay homage to Dolores on her 90 birthday. Wouldn't that be a fine opportunity to make peace?

[Answer] This is what we have proposed: that the homage come from all communist families, because Dolores belongs to us all. I am afraid that Gerardo is going to use the ceremony for his own ends. And that is not ethical.

[Question] You look dissatisfied. You're not the same man as back when you were wearing a wig and giving police the slip.

[Answer] Well, the days of the wig were, of course, the happiest of my life. I was coming home, seeing Spain again, its sun and people who spoke Spanish like me...It was a time of great hope.

[Question] In any event, happiness must be different at age 70.

[Answer] It's the same to me. I feel the same at 70 as I did at 30.

[Question] Is there any secret to your vitality? Do you eat papaya or take some miracle product?

[Answer] I don't take anything special. Eating papayas sounds like an excellent idea to me, because I would love to be in a tropical country where they were readily available. The only thing I take is an aspirin a day.

[Question] So you won't die of a heart attack. You're afraid of death, aren't you?

[Answer] No, I'm not afraid to die. It doesn't worry me; I haven't even given it a thought. I know that I could die any day. At my age you can't think about living to 100.

[Question] Is it true that you've always lived very well without much money?

[Answer] There's no mystery about that. It's quite simple. I have lived the same way ever since I was a child, that is to say, modestly, without creating needs for myself. My father got it into my head very young that the worst thing in the world was to battle for money; he took away my fondness for money. This is uncommon in this society, which is obsessed with accumulating more and more and dreams about money.

[Question] Don't you dream about the unattainable?

[Answer] I dream, yes, but about other things. I dream about a society that is different from this one, a just, egalitarian and free society in which people can do what they really like. But to me this is not unattainable or utopian; it is something that will come to pass, even if I am not there to see it.

[Question] Your new party is called communist, Marxist and revolutionary. Isn't all that utopian?

[Answer] Well, it's not my new party. We have legally registered an acronym so that we can run in the elections in the event that we fail to reach an agreement among all the communist families. I would like for that party to remain unknown; I would rather not have formed it.

[Question] In any event, I repeat, don't you think that this business of Marxist and revolutionary is utopian now that everyone is a conservative or, at most, a Social Democrat?

[Answer] You're right. The ruling classes are bent on having us believe that the world is moving towards Social Democracy, what they call socialism of the year 2000. They're all wrong; the socialism of the year 2000 is ours, not theirs.

[Question] Why have you always gotten along badly with the Socialists?

[Answer] Our personal relations have always been proper. What bothers me is that the PSOE [Spanish Socialist Workers Party] has taken on the historic mission of preventing Spain at all costs from adopting the Italian model. European governments and the U.S. Government entrusted it with this mission: stop the Communist Party. And it has been a concrete, not an abstract mission, as the Flick affair proved. The most reactionary sectors in the FRG helped the PSOE, through their foundations, to stop us Communists. Furthermore, the PSOE has contributed to the campaign, which boils down to the claim that the PCE will not be democratic until it gets rid of its traditional leaders.

[Question] And you cannot forgive Felipe Gonzalez for this.

[Answer] Of course I forgive him. One day there will be unity on the Left in Spain. I am sure that when the PSOE changes its orientation, Socialists and Communists will come to terms.

[Question] Nevertheless, you get along better with certain rightwing politicians.

[Answer] The country's problems have to be resolved through dialogue. You have to listen to everybody, especially when they say intelligent things, even if you don't agree with them.

[Question] Do you get along better with smart rightists than with dumb leftists?

[Answer] Naturally. I never get along well with dumb people, even if they are leftists. Intelligence is basic in politics. Some people are smarter than others, but I like to talk with people who have a grip on reality and realize what the future might be like.

[Question] The other day I was at a discussion where someone said: Carrillo must not be that intelligent because he hasn't been able to straighten out the Communist Party.

[Answer] It is very difficult to be a communist at this time. We have to struggle against a very broad bloc that ranges from Fraga to Felipe Gonzalez. The easy thing now is to be a socialist. Everyone supports them and wants to join their ranks. The Communist Party has been hounded during the transition in a bid to eliminate it.

[Question] It is to their credit that they have been successful.

[Answer] It's not much credit to them. There are a lot of them and they are very strong; moreover, they have help from abroad.

[Question] Who do you think has caused the Left's downfall in this country?

[Answer] The Right and the PSOE.

[Question] A year ago you told me that you would never cause a split in the Communist Party.

[Answer] And I've kept my promise. I didn't leave; they kicked me out of the PCE. This is why I'm forced to fight, because I can't just stay home and twiddle my thumbs. They threw me off the Central Committee, removed me as parliamentary spokesman, took me off the parliamentary committees and expelled the Madrid organization, to which I belong. If that's not kicking me out, then God is my witness.

[Question] People find it very funny that Carrillo mentions the name of God so often.

[Answer] Talking about God does not mean you are a believer. It's a catchphrase that has stuck with me since my youth, and people realize that. Khrushchev, who was not a believer either, always used to say: "My God!"

[Question] Do you know that Gerardo Iglesias has a good guy image, whereas you are regarded as the bad guy in the movie?

[Answer] I don't think that people see Gerardo as the good guy. They probably don't see him as the bad guy either. I imagine that they regard him as neither good nor bad, in fact. What counts is what he has behind him, his leadership team.

[Question] Who are you afraid of? Who is the brains behind the PCE? Nicolas Sartorius?

[Answer] Sartorius is playing the role of Pontius Pilate: he is washing his hands of the matter. But the fact is that Nico Sartorius prompted my resignation in June 1982, voted for my recent expulsion and has taken part silently, without venturing to the front lines, in the bloodbath that the current group of leaders has caused. He never shows his face; the one who shows his face is poor little Gerardo.

[Question] Does that mean that Sartorius will be the next secretary general?

[Answer] I hope I'm wrong, but I have the impression that Sartorius is not very interested in the future of the PCE.

[Question] And what about you? What will become of you if you fail to achieve communist unity? Will you give up?

[Answer] No, giving up is not in my nature. I will struggle for unity. If I'm unsuccessful, I'll run in the elections under another set of initials. But I sincerely hope that we reach an agreement, for the good of communists and for the good of democracy.

[Question] What is your current status? To what party do you belong?

[Answer] I belong to a Madrid organization of the PCE that the Central Committee has expelled. So, my status is that of someone who has been expelled, ostracized, a pariah.

8743

CSO: 3548/20



POLITICAL

SPAIN

## RECENT IMMIGRANTS SEEN AS CAUSING SOCIAL FRICTIONS

Madrid EPOCA in Spanish 21 Oct 85 pp 12-23

[Article by Carmen Ramirez de Ganuza]

[Text] One of the characteristics of Felipe Gonzalez's administration is that it is slow to react to the obvious, as if the PSOE [Spanish Socialist Workers Party] were a person who had slow reflexes. It happened with the reforms of the Criminal Code, which were repealed only when the rise in crime and drug trafficking became intolerable. And it is happening now with the administration's policy towards aliens. Unemployment among Spaniards had to hit three million; hundreds of foreigners had to wind up in jail, and international drug and crime syndicates had to set up shop in Spain for the government to realize that some sort of control was needed over the half million foreigners residing in this country.

As in other cases, the problem largely arose after the Socialists took office. Although Spain has traditionally been a country with open borders, in recent years immigrants have literally been streaming in. In addition to relaxed controls, a decisive step was taken in 1983 when the government ruled that Latin Americans, Portuguese, Filipinos and Equatorial Guineans did not need work permits to settle in Spain.

The administration has reacted only now that the flood of illegal, unemployed immigrants has gotten out of hand.

Ever since last July, when the long-awaited Aliens Act was published in the Official State Gazette, an enormously long river of human beings of every race has been flowing oh so slowly along the streets near Los Madrazo in Madrid.

That morning things were relatively calm. A pair of skittish Iranian women wearing veils, a white-bearded, unintelligible "Greek-Russian-Ukrainian" artist, and a compact group of small, broad-faced Orientals who used the only word they knew in Spanish ("jefe") to sidestep our questions...Yemenis, tall, slender Anglo-Saxons with a confident air about them, people unmistakably from South America...They were the survivors of an incredible 1-kilometer-long line that starts forming at 10 every Sunday night and grows until 9 the next morning, when the brigade distributes the 500 weekly access numbers.

### Three-Month Grace Period

The July 1985 law was indeed long-awaited, given the legal vacuum that had been created by the handful of more or less stopgap decrees, some of them dating as far back as 1852. The new law contains a curious temporary provision that gives illegal aliens in Spain a 3-month "amnesty" period to regularize their status. During this 3-month period they do not have to secure the obligatory special entrance visa that the General Office of Consular Affairs issues so stingily.

A mere four lines in the Official State Gazette have rapidly and chaotically mobilized a widely scattered and uncontrolled group of some 500,000 illegal aliens of all races and nationalities who are bent on taking up residence in Spain, some by hook and others by crook. And just as the administration was loudly applauded for enacting the law, it is now the target of harsh criticism for enforcing it so carelessly. The Interior Ministry did not foresee the human wave that is now understandably crowding the doors at police stations in Spain's main capital cities.

Right here in Madrid, not only have staffs not been expanded, they have actually dwindled, as during any other summer season. The recent right to petition for transfer that brigade personnel enjoy under the Civil Service Act is already being exercised by some women employees, who are complaining of a huge work overload. No short courses were offered and no instructions whatsoever were given to prepare them to cope with the flood of people that has swamped this office. And while several employees are applying for transfers, a few interpreters have just been hired to rechannel the deluge. In the meantime, the heads of the brigade are looking hard for answers: they are asking foreigners to send in their documents by mail; they plan to open the service window a few hours in the evening and to authorize local police stations to handle some immigration work, and best of all, they are establishing a number system to cut the lines down to one a week.

Of course in this land of picaros there is always a way to beat the system, and if you cannot jump in on line, perhaps you can make a deal; some "numbers" are already selling for 5,000 pesetas.

### A Half Million Illegal Aliens

Disorderly organizations and ministerial short-sightedness aside, the fact is that the 3-month grace period that is causing so many headaches for both the administration and foreigners was absolutely necessary. On the one hand, for the sake of the foreigners who have settled in Spain, the government could not descend upon immigrants who are here as a result of the nation's longstanding tolerance. Above all, however, the government will never be able to establish order among and greater control over the foreign population residing in Spain (which seems to be the spirit of the law) unless it takes as accurate a count as it can of all of them.

And although it hardly seems possible, the fact is that no one here knows how many foreigners are living within our borders. All of the estimates point to

a half million undocumented aliens, but the truth of the matter is that no one knows the exact figure. In a country like Spain, where unemployment stands at a good 2.5 million, 500,000 illegal aliens represent competition that is hard to justify.

But the experts do not see social reasons as the main reason why this law was so urgently enacted; they point, rather, to the pressing problem of safety in the streets, including the recent and growing number of international terrorist incidents in Spain. The bombings in recent years at British Airways in Madrid and at the El Descanso restaurant, the attack on an Arab in Marbella and on an Israeli representative...and several others before them were among the reasons for the famous meeting between Ministers Ledesma and Barrionuevo in the Monterreal Hotel, at which the Socialist government resolutely decided to get a handle on the uncontrolled movement and residency of foreigners in Spain.

Political reasons aside (political refugees charter, treaties with sister nations), the government has hitherto been so tolerant of foreigners mainly because a legal vacuum has existed. First of all, the requirement of special visas, which will be reestablished after the current "truce," was set forth in an internal inter-embassy circular that never appeared in the Official State Gazette. The visas are even difficult to obtain now because of the Spanish police's discretionary powers in granting residency permits, which are not issued automatically even if you have the visa.

Moreover, slipping into Spain as one of the 40 million tourists every year is obviously not at all difficult. And once inside, many, many "emigrants" have made places for themselves in Spain's underground economy. Some of them have had even easier going so far. Under a single-article 1969 Franco law (the only law proper dealing with aliens), Latin Americans, Portuguese, Filipinos, Andorrans, Equatorial Guineans and Sephardic Jews residing in Spain enjoyed the same rights as Spanish workers. The 1969 law, which earned Franco the good will of these countries' leaders, was dead letter until the pressure of the interested parties and of the courts prompted a 1983 meeting of Socialist ministers, who decided to actually enforce the law.

As of long before, under bilateral agreements citizens of these sister nations did not need a special visa to enter Spain. As of 1983, furthermore, they did not require Spanish work permits.

Now then, the privileged status of these foreigners in Spain has come to an end with the law that the Socialist administration has just enacted. "They will have preference in obtaining and, when appropriate, renewing a work permit," reads Article 18, which also applies to Gibraltarians. But the preference will not do these South Americans or Filipinos much good, because the competition for jobs in Spain today is between foreigners and Spaniards, not between foreigners.

In short, in its desire to control and even, if possible, to reduce the foreign population in Spain, the Socialist government is not making exceptions for sister nations.

## They Committed Crimes to Avoid Being Deported

The move seems as forceful as the one that Moran made just a few days after he sat down in the foreign minister's chair. Alarmed by the staggering number of planes arriving in Spain from Tehran loaded with Iranians fleeing from the regime of the Ayatollah Khomeyni, Moran did not hesitate to revoke the treaty that our country had signed some years back with the shah. Until then, Iranians, like South Americans, needed only an entrance visa. The incipient mass immigration from Iran was checked in late 1932 by the requirement of a special visa.

The legal vacuum was also felt in the always difficult procedure for deportation. More than a few illegal aliens in Spain have resorted to committing petty crimes to elude the authorities and take advantage of the slow workings of the court system. Under the new law, judges can order the foreigner deported instead of applying the corresponding penalty, as long as a minor offense is involved.

The police found it even harder to keep an eye on the illegal aliens it discovered who were not criminals. For years all of these illegals wound up in a jail like Carabanchel or Modelo Prison in Barcelona for as long as was required to clarify their status and decide whether deportation was in order. This "legal aberration," as Miguel Prado, a Madrid attorney, describes it, lasted several months in each instance.

## The Police Were Demoralized

"My first professional case was an Argentine who was in Carabanchel. When I asked him what he was in for, I couldn't believe his reply. He was just an illegal alien. In a country with a constitution, that was an aberration. The fact is that the Socialists were in a very strong position when they took office. I remember that the blacks who were in Modelo Prison for the same reason sewed their lips together in protest, and during its first few months the PSOE administration ordered foreigners held for no longer than the 3-day preventive arrest period that the law provides for, and for even less time if they were being held in jail.

"They even planned to set up special detainment centers for them. But nothing of the sort was done. Everything that has happened throughout this legislative session has had the opposite effect. Unless foreigners are found to have committed a serious crime, police brigades have been arresting none of them, much less if they are just undocumented. And back in the days were they were detained, there was no way to compile all of the necessary data. The police brigades were demoralized. And we lawyers were too, because although we defend the ones who are entitled to residency, we also speak out against the ones who we think are unworthy of it. The fact is that during this period the number of illegal aliens in Spain has increased greatly. As citizens from poor countries, Filipinos, Orientals...and Arab, Iranian and South American exiles have flooded in...the police have been doing a less effective job."



The Aliens Act is now in force, however, and it contains a controversial article, number 26, which seeks to resolve the problem of prior administrative detentions by simply extending the detainment period to a maximum of 40 days. This extension, which is for the sake of police efficiency, says a great deal about the change that the Socialists have undergone since their early days in office. In any event, it has prompted harsh criticism from jurists who are jealous defenders of the constitution and of the principle of equality and protection before the law that it recognizes.

#### Law Labeled Unconstitutional

In Barcelona, a group of attorneys has written to the public defender asking him to file a petition to have the new law declared unconstitutional because of Article 26.

Miguel Prado, a Madrid lawyer, holds a similar view, though he has not signed the document drafted by his Catalan colleagues: "In a choice between the principles of police efficiency and protection before the law, I would opt for the latter. Looking at the constitution, I disagree that a person can be detained for 40 days for an administrative infraction, even if he is a foreigner."

"The law was necessary, but its treatment of deportation procedures borders on the unconstitutional, even if it does not openly violate the constitution. In my opinion, it is better to have illegal aliens in Spain than to give the police carte blanche. It is true that the law provides legal guarantees by specifying that a judge is to intervene and that the alien is entitled to his own or a court-appointed attorney. But the judge has been included here to make an exclusively administrative measure look better. Perhaps the answer to this entire problem would be to provide a highly specialized brigade with the advanced manpower and resources to process every case within the mandatory 72 hours. This is just my own personal idea, of course."

#### Spain Pays for Many Return Trips

The Socialist government must think the situation is very, very bad to have left itself open to the same criticism that Socialists voiced when in the opposition. Once again for the sake of police efficiency, the new law specifies the grounds for deportation, for the first time, and even spells out the scope and amount of penalties. From now on the police know that they can fine a foreigner up to 2 million pesetas for not meeting the requirements of Spanish law. Of course, a young illegal alien earning a living at a stall in the Madrid flea market, for example, has little fear of such a fine. Poverty protects him, just as it has many others for whom the Spanish Government has had to buy a return ticket.

There is no more painful penalty for a young foreigner working in the flea market than deportation from Spain. And for the Spanish Government there is nothing more annoying than trying to find a loophole in some budget item that would justify paying for a plane ticket to Latin America or the Philippines. Here is another common problem: once deportation has been ordered, the



consulates and embassies of the country of which the individual in question is a citizen almost never take care of repatriating him, especially if we are talking about Third World nations.

### Regulations Lacking

The Organic Law on the Rights and Freedoms of Aliens in Spain, its official title, has begun to be enforced even though the Interior Ministry has not yet drafted the corresponding regulations. This is how urgent the matter is. And it will not be until the regulations appear that we will really know what the administration plans to do under the law.

Perhaps when the regulations are published we will finally learn the criteria that police will use in granting residency permits to foreigners. "The administration should not have arbitrary power. Until now it was an out-and-out lottery. You never know for what secret reason one petition is approved and another that is often more well-founded is turned down," remarks Miguel Prado from the perspective of lawyers who could never guarantee their clients success.

For the time being, the administration has a clear-cut and understandable philosophy: the police grant the residency permit almost automatically when the ministry has previously granted a work permit. And it is very difficult for a foreigner who wants to settle in Spain for reasons beyond his control to obtain a work permit today. In contrast, there are work permits galore when foreigners open a business or invest money and hire Spanish workers.

All indications are that the government will continue to take this approach, but no one would dare predict how the problem of the half million illegal aliens in Spain is going to be resolved. The thousands of foreigners who crowd around outside the door to the Documentation Brigade and who manage to fill out their identification sheet are far from guaranteed a residency permit. The administration's benevolent attitude towards all foreigners in Spain could well come to an end when the 3-month grace period expires this coming 24 October, with no extension likely.

### The Socialists Are Protectionists

It also remains to be seen what the imminent visa regulations say about aliens entering Spain. The Aliens Act deals only with those who are already living here.

If the law had come from a rightwing government, many would have described it as a reflection of outdated nationalism. Controls and restrictions on the free movement of workers are truly regressive now that we are moving towards a "world without borders." And they are also unfair to the thousands of foreign residents who have worked and created wealth in our country for years. They are even more unfair to the countries that took in Spanish immigrants years ago. Nevertheless, crime in the streets and staggering unemployment have weighed more heavily in the minds of the Socialists than their traditional tenet of international solidarity.

POLITICAL

TURKEY

PAPER COMPARES PROMISES, ACCOMPLISHMENTS OF MP

Istanbul CUMHURIYET' in Turkish 6 Nov 85 p 2

[Text] Ankara--Although two years have passed since the 6 November 1983 elections, the MP [Motherland Party] government has failed to score any significant successes in fulfilling its promises in the social services area. While MP's election platform reaffirmed that "the establishment of peace and security does not necessitate the abandonment of democracy," today 8 provinces are still under martial law, and state of emergency regulations are still in effect in 16 provinces.

The number of ministers in the Ozal cabinet formed after the 6 November 1983 elections was the first example of unrealized MP election platform goals. While the MP election platform spoke about reducing the number of ministries and forming a cabinet of 15 to 16 ministers, the Ozal government that took office consisted of 21 ministers not counting the Prime Minister.

The Ozal government was formed on 13 December 1983 and won a vote of confidence in the Grand National Assembly on 24 December 1983. In the 23 months that the government has been in office, 253 laws have been enacted and more than 3,000 decrees and directives have been issued and implemented.

A comparison of MP's election platform and the Ozal government's work in the 23 months it has been office reveal the following results:

Establishment of Peace and Security

The MP election platform stated that the abandonment of democracy should not be the price for peace and security and that in order to combat anarchy and terrorism the security forces should be strengthened technically.

The phased lifting of the martial law began on 19 March 1984, and so far martial law has been lifted in 58 provinces. Martial continues to remain in effect in 8 provinces because of incidents in eastern and southeastern Anatolia and a state of emergency exists in 16 provinces. Except the lifting of martial law, the government made no noticable effort to establish a democratic atmosphere.

Although there has been a general decline in the number of political killings, there has been a sharp rise in terrorist incidents in eastern and southeastern

Anatolia. Of the more 250 political incidents resulting in death, 73 percent occurred in eastern and southeastern Anatolia. The security forces were beefed up: a staff of 53,000 was assigned to the Security Directorate General.

The most important problem in the establishment of peace and security was the persistence of incidents in eastern and southeastern Anatolia. Measures were taken to wage an effective campaign against armed militants infiltrating from other countries into this region.

#### Strengthening of Mainmast

In order to improve the condition of the mainmast [the middle class], the MP election platform pledged to reduce inflation, to cut taxes on wages and to raise real wages. The MP also promised to institute measures to prevent the farmers' produce from rotting on the fields and to boost the savings rate.

But the MP government's work has not been able to fulfill its promise of strengthening the mainmast. On the contrary, the workers, civil servants, small businessmen, farmers and retirees, who became known as the mainmast, became more vocal in their complaints. The tax return system was introduced, but no steps were taken to cut taxes on wages. Not only the farmers' produce could not be kept from rotting on the fields, but a number agricultural products could not be exported last year and remained on the fields because of the government's policies.

#### Unemployment

The MP election platform charged that the unemployment problem was piled up over many years and stated that any proposal to solve it over a short period of time would be unrealistic.

As stated in the platform, to this day no concrete steps have been taken on the issue of unemployment. A "Campaign Against Unemployment Council" was established under the leadership of Minister of State Tinaz Titiz. This council began work on projects that can generate employment. The council is currently working on proposals such as home hosteling in tourism, incentives for new home construction and multilateral support for small and medium business ventures. Other attempts to solve the unemployment problem include the acceleration of investments in order to generate employment at an earlier time and measures to encourage investments in eastern and southeastern Anatolia.

#### Housing

The MP election platform pledged to change the Public Housing Law, to establish a housing fund, to emphasize the construction of workers' lodging compounds, to cut taxes on rent income and to remove bureaucratic red tape regarding home construction.

The government changed the Public Housing Law and established the "Public Housing Fund" which was financed by extra-budgetary resources. In accordance with the new housing policy, which went into effect in May 1984, the first loans were granted to housing cooperatives whose construction projects remained

unfinished. A total of 123 billion Turkish liras were lent out from the Public Housing Fund enabling 40,000 families to become homeowners. But despite all the efforts to solve the housing problem, it remains one of the most important issues confronting the government.

Through changes introduced into the Construction Amnesty Law, title deed documents began to be handed out in shantytown areas. However, as a result of problems in the operation of special technical bureaus and the fact that building plans for the said regions could not be completed in time, the work that was begun as a major campaign by the government did not achieve any results.

#### Development of Eastern and Southeastern Anatolia

The MP election platform set goals such as the completion of infrastructure (e.g. roads, water, electricity, schools and hospitals) investments in this region, the prevention of emigration from the region, special incentives for projects in the region and the strengthening of economic ties with neighboring countries.

Work to bring electricity and postal services to villages in this region was conducted successfully. However, although decisions were taken to cut taxes on and to provide incentives for projects in this region, private investments in the area could not be boosted. The border trade begun with neighboring countries stopped after a while partly as a result of the Iran-Iraq war. The goal of "shedding the image of border provinces being dead-end streets" was never realized. Entry and exit to and from the region could not be made easier. As a result of the failure to boost investments no progress could be made on the issue of preventing emigration from the region. Efforts were made to boost government investments in the region and to raise the pay of civil servants working in the region to satisfactory levels. Progress was made in 1984 in the construction of workers' lodging compounds. However, no funds were allocated in the 1986 budget for health and education investments.

#### Bureaucracy

One of the major issues addressed in the MP election platform was the issue of cutting bureaucratic red tape.

The platform promised to implement the principle of mutual trust in government-citizen relations and to simplify formalities in health, customs, land registry, notarization, licenses and payment of taxes.

The first thing the government did when it took office was the reorganization of the ministries with 17 decrees. Some ministries were merged and their hierarchies were restructured.

The State Economic Enterprises were brought under the jurisdiction of the state ministries and 38 of the previously formed 92 councils, commissions and committees were abolished thus partially speeding up formalities. The government's "administrative reform" package was followed by a number of swift decisions which were described as "personnel reform."



Formalities required for marriage, licenses and passports were simplified. The requirement for prior feasibility studies for investment projects was abolished. Beside the measures taken to cut bureaucratic red tape, work is under way to review and to revise all laws.

### Education

While the MP election platform emphasized equality of opportunity in education and the need to expand university capacity in order to make higher education more widely available, during the time the government has been in office there has been a decline in university admission quotas. This has increased the backlog of students awaiting entry into universities.

As for the issue of vocational education, which was also stressed in the MP election platform, it was frequently discussed as a formula to relieve the backlog of university applicants. However, no concrete measures have been taken on this issue so far.

The MP government proclaimed as one of its goals the raising of standards in high school education, but could not score any successes in this area either. As noted by the Higher Educational Council, the performance of high school students has dropped dramatically in recent years. The Anatolian lycees were increased in number out of political considerations without making sure that adequate supplies of teachers and materials existed. This gave rise to a wave of criticism.

### Religion and Secularism

The MP election platform expressed the view that secularism should not be seen as a restriction on the preservation of moral values, the exercise of the freedom of belief and worship and the development of religious culture. It also said that material and moral development should proceed together.

The recent "back to roots" debates indicate that the MP government has been more successful in the area of moral development than that of material development. The Ozal government, which has avoided making any clear and satisfactory clarifications on the issue of anti-secular movements, enlarged the staff and the budget of the Religious Affairs Chairmanship and chose to expand Kuran education.

### Labor Life

The MP election platform proclaimed that the right to form labor unions, collective bargaining, strikes and lockouts are fundamental elements of the democratic system.

However, the new form of the labor laws enacted under the MP government curbed the effectiveness of labor unions, and because the weapon of strike could not be used effectively the workers' ability to wage a struggle for their rights remained inadequate. Free bargaining was significantly restricted by the Joint Coordination Council.



Gains in workers' wages were not substantial, and a major portion of the workers employed by the State Economic Enterprises became contract workers.

#### Culture and Arts

The MP election platform stated that attention must be paid to the protection and training of artists and that copyright royalties must be exempted from taxes up to a certain limit.

No steps were taken to fulfill the promises made on the issue of the protection and training of artists. While no significant work or effort was initiated by the MP government in area of culture and the arts, the tax rate on copyright royalties was cut and legislation was introduced to differentiate between copyright royalties and wages.

In the area of health, one of the Ozal government's most major accomplishments was an immunization campaign. On the issue of amnesty, the ambiguous promise made before the elections was not fulfilled. During the election campaign the MP had declared that it supports a partial amnesty. However, the issue of amnesty has not been discussed by the Council of Ministers.

9588

CSO: 3554/13

MILITARY

AUSTRIA

#### NATIONAL DEFENSE PLAN SUMMARIZED

Vienna OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT in German No 5, Sep/Oct 85 pp 453-458

[Article by Walter Fuernholzer under the rubric: "Reports on Military Policy": "The National Defense Plan"]

[Text] Military National Defense

##### 1. Introduction

Relevant bases for the preparation of the present Military Part of the National Defense Plan are:

--Article 9a of the Federal Constitutional Law of 10 June 1975, BUNDESGESETZBLATT No 368 (embodiment of Comprehensive National Defense in the Federal Constitution);

--Article 79, paragraphs 1 through 3 in the draft of the aforementioned law;

--Resolution of the National Council of 10 June 1975 on Comprehensive National Defense (defense doctrine) and the relevant decision of the Council of Ministers on 28 October 1975, by which the defense doctrine was adopted as a principle of government and administration;

--General Part of the National Defense Plan.

Other bases that were applied were a number of reports and basis and detailed studies by the Federal Ministry of Defense, the army command and the National Defense Academy on the military components of Comprehensive National Defense.

Therefore, on the basis of the comparison presented in the General Part of the National Defense Plan of the objectives of Comprehensive National Defense with the relevant threat description and the resulting mission analysis, the Military Part of the National Defense Plan summarizes the envisaged goals and measures needed for their realization.

Among the subsequently presented principles of Military National Defense and its determinant factors, the defense concept of an area defense is accepted as

of forces, it is especially important--even after the loss of areas of the envisaged goal and basis of a realistic stage plan in consideration of the current initial situations and possibilities for realization.

The Military Part of the National Defense Plan proceeds from the current initial situation and indicates two stages as the envisaged goal for further development:

First stage--1. intermediate stage (186,000 men)

Second stage--final stage 300,000 men)

The intermediate stage can be attained by 1986. The final stage can be fulfilled by 1994, assuming a rate of increase of 10,000 to 15,000 men yearly.

Note: The National Defense Plan was adopted in its totality with the Council of Ministers' resolution of 22 November 1983.

However, the time periods given for Military National Defense are not to be calculated from the time of this resolution. The military part [Part M] of the National Defense Plan was the first subarea to be dealt with by the subcommission of the National Defense Council and the corresponding deliberations were brought to a close as early as 1978. At the same time, the concept of area defense was declared a binding planning basis. The time available for achieving the intermediate stage was therefore 8 years. The judgment as to whether the objective presented in the National Defense Plan, Part M, has been reached occurs, among other things, with the situation report presented in 1985 by the federal defense minister, to which we will turn later.

## 2. Principles of Military National Defense

--The task of the Federal Army in the scope of the strategy of deterrence is to make an essential contribution to the prevention of war through its defense readiness. The credibility of the strategy of deterrence depends upon the ability to assert oneself with military means.

--While still at peace, military planning must prepare all measures to ensure an immediate and effective reaction in time of crisis, when neutrality is threatened or in a national defense emergency. The capability of a timely and rapid mobilization is a critical prerequisite to that end.

--The Federal Army's mission demands the fulfillment of a defensive concept whose preparations are to be oriented exclusively toward the defense of its own country.

--The further improvement of the armed forces is of substantial importance, particularly in quantitative terms on the basis of the given defense system. At the same time, one needs task-related qualitative armament, equipment and training with a view to ensuring effectiveness against a potential aggressor as well as to coordinating the defense concept with the length of training.

--In the case of military operations against Austria by superior dispositions

operational importance for an aggressor that are to be defended vigorously-- to hold on to the largest possible territory for a prolonged period so as to preserve the republic as a viable subject of international law. The international security mechanism can come into effect through prolonged combat.

--Defensive operations are to be carried on in such a way that the civilian population is subjected to as little danger as possible from combat operations.

--Civilian resistance is an essential supplement to the Military National Defense to document the will for self-assertion and to support one's own defensive forces.

Note: The cited principles of the Military National Defense already establish the most important directions for further development. With the implicit postulate of setting the standard of defense preparedness as high as possible, not only is the quality of material provisions being addressed but it is also being demanded that precisely this fact--namely contribution to peace through defense preparedness--be made a reality within the scope of the spirit of national defense.

The necessary capability of rapid mobilization, the coordination of training and armament with the concept of area defense, and the order that the civilian population should be endangered as little as possible by defensive measures already establish the direction for incisive measures.

The cited necessary supplementing of the Military National Defense through civilian resistance is certainly to be construed as meaning that the will for self-assertion must be shared by the entire population and that any operations of the Federal Army can fall back on the necessary support by the entire population. Measures of civilian resistance going beyond this support certainly represent a supplement but not necessarily an indispensable supplement in the sense of a sine qua non.

But at the same time, this also makes clear that the concept of social defense alone is not sufficient to meet the needs of Austrian security policy.

### 3. Determining Factors

3.1. Missions. The missions of the Military National Defense stipulated in the defense doctrine require in particular that

--it be documented that the capability and will exist to begin defensive operations even against a superior aggressor and to carry on these operations over a prolonged time to achieve a deterrent effect, because that aggressor must reckon with a great expenditure of personnel and material, with substantial casualties and with a correspondingly large time requirement;

--precautions be taken, through which, regardless of the reasons behind them, unauthorized flight movements into Austrian air space can be detected and also prevented through constant operational readiness.

In time of crisis, that

--sufficient independent forces are always available in time and can be kept ready as a precaution in threatened areas;

--military border protection can be undertaken in the necessary scope, including the required terrain reinforcements in threatened areas and, in addition, that a mobilization of locally available militia forces is possible at any time;

--the required strength can be guaranteed through a timely and rapid mobilization;

--violations of sovereignty can be prevented through the corresponding increase in operational readiness;

--the presence of armed forces in threatened areas will help to preserve the public calm;

--installation security forces can be mobilized for extra assistance;

--preparations will be made for the internment of armed forces that cross the border;

--the army remains capable of giving rapid assistance to all civilian areas.

When neutrality is threatened, that

--sufficient independent forces are promptly available at any time and can be concentrated in suitable areas, whereby the preservation of air sovereignty is especially important;

--the securing of the borders and national territory can be ensured to the necessary extent and, in this connection, that a mobilization of the corresponding militia forces is possible at any time in case of need;

--foreign forces seeking to operate in Austrian territory or to fall back to this territory can be disarmed and interned or driven back;

--the presence of armed forces in threatened areas will help to preserve the public calm;

--the army is able to provide assistance without neglecting its primary duties;



--full defense readiness will be ensured through mobilization in case of need.

In a national defense emergency, that

--attacks with a spatially limited objective away from the border can be repulsed, so that Austrian national territory will remain in our own hands to the extent possible or so that this status can soon be restored;

--in the case of an attack threatened the entire national territory or large parts of it,

a) defensive operations can be initiated at the border,

b) operationally and tactically important terrain sections can be secured from the outset and areas of crucial importance for the achievement of an aggressor's operational objectives held by exhausting all military and civilian means and possibilities as well as through a defense system encompassing the entire national territory,

c) the largest possible territory will be preserved to guarantee political and military leadership and the aggressor will be kept from the unhindered utilization of occupied territories, by which one likewise establishes the essential preconditions for a subsequent recovery of lost parts of the national territory through military and political means;

--the coordinated command structure to be prepared in peacetime is in a position to make full use of the country's own possibilities and to put them into effect;

--effective assistance is also possible in regard to threats within the country as well as to catastrophes and unusual natural phenomena without affecting the defensive capability against the aggressor.

### 3.2. Military Threats

Austria's situation and the possible intentions of an aggressors permit one to discern two groups of threats:

--On the one hand, it may be the intention of an aggressor to undertake military actions over Austrian national territory, whereby his actual objective is outside of Austria. In this case, the possible aggressor plans a march through the country with an associated occupation or partial occupation.

In this connection, the aggressor is interested in the rapid occupation of the lines of communication and traffic centers so as to be able to employ intact attack forces against his objective outside of Austria as soon as possible.

An occupation of Austria is thereby initially planned only to the extent that it is necessary to secure the main operations. In a march through the country, the Danube area, the Graz and Klagenfurt basins, and the Inn Valley would be especially affected.

--On the other hand, it may possibly be the intent of an aggressor to undertake an occupation or partial occupation of Austrian national territory to establish the bases for a subsequent continuation of the attack or a

political fact. In this connection, the rapid occupation of a particular area will be in the foreground to anticipate the intervention of other countries. A fait accompli is to be produced through strong measures to secure property and rapid pacification of the occupied territory.

### 3.3. Necessary Consequences.

The following can be derived as necessary consequences:

--Application of a combat method that underruns the technical superiority of the aggressor and takes advantage of discernible weaknesses.

--Deeply echeloned development of fortified installations, particularly in areas of operational importance for an aggressor.

--Reduction of the surprise factor through the capability for the timely and rapid mobilization of forces attached to particular areas.

--Securing of threatened areas and installations in the entire national territory against subversive and airborne forces.

--Continuation of the fight in temporarily occupied territories to prevent an aggressor from making unhindered use of the area.

Note: The configuration of all measures that are supposed to serve security must primarily be derived from the possible threats. Military defensive measures must therefore be attuned to possible military threats. The analysis of the military threat must be related in particular to the selection of possible military actions as well as to the organization and equipment of a potential aggressor. The inclusion of the establishment of political doctrines and military concepts represents another essential aspect for evaluation.

From the threat description determined in this way, one can derive necessary consequences, which--in consideration of the described principles of military national defense--give the most important guidelines for necessary defensive measures.

In the case of the consequences mentioned here, the fundamental instruction "application of a combat method that underruns the technical superiority of the aggressor and takes advantage of discernible weaknesses" has in particular been the subject of a broad discussion.

The picture of combat in a military conflict in central Europe is determined by the high technical standard of the ground and air forces. As for individual factors, we need merely recall the high mobility and firepower of cross-country and recovery vehicles, the high standard of a possible air support through combat helicopters, or the importance of long-range (rocket) artillery. Since one of the possible ways of meeting this "form of threat," namely the use of the technologically most up-to-date equipment, had to be ruled out a priori for Austria primarily for cost reasons, the call for the

conceptual "underrunning" of the technological superiority was embodied in the National Defense Plan.

Now this does not mean that one can generally renounce the use of modern weapon systems. This postulate of "underrunning technology through tactics" is possible only in marginal areas. Any military concept will have to fall back on up-to-date weapon systems appropriate to the realities of each case if it is to be at least somewhat promising and thus credible. This does not detract from the basic thought behind the concept, namely the use of mainly infantry forces in a mobile form of combat or supported by fortified installations. Only the realization of both components will make possible the overall achievement of the concept.

#### 4. Envisaged Goal--Area Defense

The concept of area defense involves an operational-tactical component and a mental-psychological component, the totality of which aims to integrate the army and the population.

##### 4.1. Fundamentals of Area Defense.

--The preparation and employment of military forces are to be coordinated in the sense of a territorial principle in the direct interaction of the civilian and military areas at all levels. The existing infrastructures, the terrain advantages and the social ties can be utilized in an optimum manner through operations in specific areas while fully utilizing those liable for military service in areas already assigned in peacetime as well as through training oriented toward the tactical tasks given there. Mobilization and a local supply system are to be attuned to this principle.

--To be effective, a numerically strong militia army must be restricted to a simplified conduct of operations, engagement in a well-known operating area, selection and training of draftees in accordance with the mission function, formation of organizational elements of the mobilization force during basic military service, and the preservation and utilization of existing social ties.

--The training of the reserve cadre is especially important. The guaranteeing of the necessary training for the reserve cadre is an imperative prerequisite for achieving the necessary quality of command.

##### 4.2. The Operational-Tactical Component.

Defensive operations are carried out through

--entering into combat at the order,

--sustained combat operations along the operational lines of an aggressor,

--combat operations in the entire national territory, including areas where the aggressor has already broken through, with the objective being the attrition of enemy forces,

--defense of the largest possible continuous base area,

--measures to recover areas that may have been lost.

The bearers of area defense are local and mobile forces organized in units of the militia and standby forces. They are employed in key zones, independent key zones, barrier positions, area security zones and subzones of the base area.

By holding on to key zones, a breakthrough in these zones is prevented over a prolonged time and the aggressor is effectively hindered in the attainment of his operational objectives. This is achieved through the employment of defensive forces, mechanized or infantry counterattack forces, and area security forces.

The employment of defensive forces occurs from fortified defensive positions to prevent an aggressor from making a rapid thrust at important movement axes. If these are bypassed or isolated, then their defense is maintained until the intention of the aggressor can be hindered.

Through area security, the enemy forces will suffer attrition in the area security zones and the enemy will be kept from having unhindered use of this area. It is conducted as combat from delay positions supported by field positions for antitank forces and fortified installations and as raiding operations and mobile infantry combat against the aggressor's flanks and rear. Unattacked areas continue to be secured.

By holding on to the base area as the largest possible continuous area of the national territory in accordance with the principles "engagement in the key zone," the republic is to be preserved as a viable subject of international law. In the event of the destruction of the forward key zones, the base area is, together with the remaining forces in the area security zones, the nucleus of a strategy for the recovery of lost territories.

The recovery of lost territory is favored above all by the areas that we still control and by our own forces that remain in the rear of the aggressor.

The operational-tactical component of area defense is to document the will and the capability of engaging in defensive operations immediately and of being able to sustain these operations over a prolonged period of time to achieve a greater deterrent effect.

Note: Of the two components cited, namely the operational-tactical and the mental-psychological components, only the operational-tactical area is dealt with in detail.

With regard to the mental-psychological component, no reference is made to more precise objectives, content or implementation arrangements. Only from the overall objective of both components--i.e., integration of the army and the population--can the general "thrust" of the mental-psychological component be determined. In the scope of the considerations on the morale of national defense, then, it will be a matter of investigation to what extent the mission of national defense also takes into account the goal of integrating the army and the population.

The described principles of the operational-tactical component represent the guideline for all operational and tactical plans against military threats in all three motivating instances. They determine the most important characteristics of combat operations and of organizational and material provisions (especially in the area of fortified installations).

Finally, the fulfillment of the requirements derived therefrom will determine the credibility of the entire concept of area defense and will thus be decisive for the deterrent effect to be achieved.

## 5. Stage Plan

Beginning with the initial situation, the stage plan shows the planned development and the respective efficiency of the military component of national defense.

### 5.1. Initial Situation

The following was the mobilization structure as of 1 June 1978 (figures rounded):

Army and corps troops	19,000
First Armored Infantry Division	14,500
Air division	9,500
Militia (mobile)	38,000
Militia (for specific areas)	32,000
Territorial organization	21,000
Army supply	10,000

144,000

Added to these are another 8,000 men for guard companies, 12,000 men for replacement troops and 10 percent personnel reserve.

Two objectives determine the current process of restructuring the Federal Army:

--Restructuring to a larger army with a militialike nature;

--Development of the standby troop.



## 5.2. Intermediate Stage

On the way to a realization of area defense, the intermediate stage represents the further buildup of the Federal Army that is to be tackled immediately. The orientation of this intermediate stage toward the final stage allows a phase with a strength of 186,000 men to appear achievable and expedient in the middle term through 1986 at the latest.

In addition to this, an organizational latitude includes about 5 percent for guard companies, at least 15 percent for a replacement organization and a 10 percent personnel reserve. In accordance with projects already under way, the further development of the army aviation forces is to be coordinated with that of the ground forces.

Therewith, in addition to the air surveillance tasks that normally result in peacetime, it is supposed to be possible to do a reasonably good job of credibly fulfilling the required missions, particularly in handling possible crises or threats to neutrality

## 5.3. Final Stage

The final stage includes that order of magnitude that was also expressed in the report of the Federal Army Reform Commission (300,000 men). It is to be accomplished by way of the intermediate stage, which must be followed--above all in regard to personnel and material--by a continual buildup toward the achievement of the final stage. The final stage represents a planning target for the army of the 1990's. Only in this way can there be a closer approach to the international standard of small neutral states.

## 6. Guidelines for the Realization of the Intermediate Stage

Proceeding from the current initial situation, the realization of the intermediate stage is to take place above all subject to the objectives and principles referred to below.

### 6.1. Organization of an Area Defense

The restructuring of the Federal Army must occur so that the efficiency of the Federal Army foreseen for the intermediate stage in the fulfillment of its mission will be achieved while maintaining its current defensive capability and fulfilling the established conditions.

In this connection, the already existing units of the standby forces, the specific-area and mobile militia as well as the fortified installations heretofore completed represent the necessary disposition.

Through the further replenishment of the standby forces but above all through the planned development of the militia organization in accordance with the resolution of the Council of Ministers of 28 February 1978, one is to come closer to the realization of area defense both organizationally as well as operationally.

Key zones and key areas will be subjected to a priority determination and accordingly will be given special consideration in a continuous adaptation to the given state of development of the Federal Army in personal, material, structural and operational planning. In a parallel buildup, in accordance with the manpower locally available for conscription, area security zones will gradually be brought up to the planned number of area security forces.

In particular, the standby forces and mobile militia will have to carry out defense in those key zones in which the development of the specific-area militia at a given time has not yet attained an adequate density.

Under consideration of the territorial principle in a process of increasing concentration, the specific-area militia takes on its tasks in key zones, key areas and area security zones.

In particular, an area defense also calls for more consideration to be given to training that is oriented strictly toward the operational task. The dispersed combat tactics above all of the specific-area militia means that this training and the motivation of the soldier are of primary importance. Training that is attuned to the extent possible to the future operating area attains special significance, just as does the early establishment and preservation of combat teams. To an increasing degree, the training infrastructure will have to be adapted to the requirements of a militialike army.

In its overall planning and implementation, the establishment of an area defense is to be seen as an organic process in the course of which there is a continual increase in the intended deterrent effect. The more progress is made in the concentration of our own preparations, especially with respect to the key zones, the more time will be gained in the event of a military attack against Austria

Public information on the principles of an area defense and its organization as a territorial protection is another essential precondition for the realization of the mental-psychological component of an area defense. Here it will be a matter of using the interest that has already been awakened and the positive reactions to information in this connection as initial steps toward a decisive improvement of the basis of military policy.

## 6.2. Improvement and Development of the Infrastructure

The infrastructure that has existed to date is qualitatively and quantitatively adequate neither for the peacetime requirements nor for operational conditions.

In addition to the urgently needed improvement of numerous existing barracks, there are also plans for the construction of new barracks so as to do better justice to the principle of territorial application and training. Therefore, new barracks are to be constructed above all in Styria, Upper Austria, Lower Austria and Vorarlberg.

Beyond the already existing fortified installations, there are plans for the construction before the achievement of the second stage of additional installations that essentially will strengthen the key zones as well as important key areas near the border but also the defensive positions of individual densely populated areas. Special importance is attached to these fortified installations that are to be developed as rapidly as possible in accordance with operational and tactical constraints.

With the increasing concentration of area defense, it will also be necessary to establish a suitable depot supply system.

It is becoming more and more important for there to be coordination with civilian administration to provide for the better utilization of its possibilities both in the case of existing installations as well as in replanning.

### 6.3. Supply

For the planning of army supply, one assumes that amount that is required for self-sufficient combat operations in the event of a national defense emergency. The securing of transport space, even utilizing all suitable civilian means, is very important, especially in carrying out supply deployment. The problem of transport space is simplified with the development of decentralized supply depots.

### 6.4. Weapon Systems and Command Resources

The gradual realization of an area defense requires clear consequences in regard to the weapon systems to be procured. In accordance with the peculiarities of the respective operational principles, there is a distinct differentiation between the requirement for highly qualified team weapons for troops made up mostly of long-term soldiers and the requirement for efficient and easy-to-use weapons for the militia (specific-area and mobile).

The effectiveness of the armed forces depends upon their being equipped--in accordance with the concept of area defense--with the essential weapon systems, including antitank defense, a high-angle element, antiaircraft defense and a solution to the "interceptor aircraft" problem.

One should strive for the introduction of precision-defensive weapon systems, whereby precedence would be given to antitank defense.

In the case of decentralized combat operations, substantial importance belongs to efficient means of communications to maintain military command action.

The required equipment with arms, including the associated ammunition, requires the securing of production in our own country, to the extent that this is economically justifiable.

## 6.5. Personnel Management

The formation of a militialike army requires the securing of the necessary command personnel. The quality and quantity of this cadre represent an essential factor for the development of the army.

The conversion of the existing mobilization units to reserve conscripts with a 6-month basic military service can be implemented only for the specific-area militia. A 12 percent share of reserve cadres per year is an indispensable precondition both for the initial organization as well as for the achievement of an acceptable degree of operational readiness.

The absorption of soldiers in basic military service who are unfit for field use and other reserve conscripts in the event of a mobilization is the task of a replacement organization now being set up.

For the achievement of the intermediate stage, a gradual increase in the active cadre personnel of at least 600 men per year is necessary to improve the cadre situation in the training units in particular and also to guarantee the accomplishment of the troop and cadre exercises for the enlargement of the mobilization army.

The proportion of those in an age group liable to military service who serve 8 months of basic military service is to be attuned to the requirements that result from the development of the mobilization army. In particular, an increased assumption of system-maintenance functions by civilian employees is to be sought.

## 6.6. Logistical Measures

In the case of actual operations, the current legal system is not adequate to guarantee the Federal Army the optimum prerequisites for the fulfillment of its missions. It is therefore necessary to prepare legal regulations with respect to the utilization of mobile and immovable services to the point where, in case of need, they can be decided upon on short notice within the scope of the measures foreseen in the Federal Constitution.

While still in peacetime, it will be necessary to establish legal prerequisites for purposes of land fortification (land procurement, construction supervision, topography, ensuring the effectiveness of fortified installations, as through an open field of fire, etc.) in accordance with the concept of area defense (key zones and area security zones), especially in regard to immovable objects. To be able to check mobilization on a continuing basis, one needs legal regulations that permit a short-term relinquishment of service objects as well as the utilization of troop exercises. In this connection, it will be enough to mobilize a small unit once each year.

## 6.7. Financial Considerations

Since one cannot keep up with the arms expenditures of the military environment, it is increasingly a matter of using the deliberate selection of weapon systems to limit these quality leaps to a magnitude that also



corresponds to the contemporary operational principles of a militialike army. The quantitative compensation through the forced development of the specific-area militia shows the way for this. Even high-quality equipment for this militia--adapted to tasks and systems, to be sure--does not overtax the capacity of a small state.

To fulfill the intermediate stage in accordance with existing planning, then, the capital investment is to be raised and one should gradually strive to achieve the following percentage breakdown in the federal estimate:

Personnel expenditures and legal commitments	45 percent
Operating expenses	25 percent
Capital expenditures	30 percent

Note: As was discussed at the outset, the military part of the National Defense Plan was provisionally completed in 1978. In the given stage plan, therefore, 8 years were foreseen for the achievement of the intermediate stage and another 8 years to achieve the final stage.

Since the point in time foreseen for the achievement of the intermediate stage has practically been reached, the goals embodied in points 5 and 6 of the military part of the National Defense Plan should be subjected to a critical assessment in regard to their fulfillment. The basis for this is the status report of military national defense presented to parliament this year, since the actual report in 1983 on the status of the realization of the National Defense Plan was presented to the National Defense Council in oral form only. Two essential areas will serve to illustrate:

#### a) Personnel Structure:

Since 1982, six stationary manning commissions have been available for implementation of the manning process. Besides general physical fitness, they determine suitability as cadre and flight aptitude. The average degree of fitness is about 81 percent, 12 percent are unfit, and 7 percent are temporarily unfit. Whereas heretofore the necessary manpower available for conscription was given and the required strength for the intermediate stage could be reached, one must reckon with a decline in available conscripts beginning in the mid-1980's and lasting through 1996. The necessary increase in the need for conscripts to achieve the final stage is facing a declining availability. As compensatory countermeasures, the following have been or will be introduced:

--even more efficient use of draftees on the basis of the "suitability profile" of the manning process,

--restrictive use of function soldiers,

--increase in the level of long-term soldiers,

--prolongation of the time limits in commissioning,

..



--rationalization of the mobilization organization while maintaining combat effectiveness,

--improvement of the motivation for military service.

With these measures, it will be possible to guarantee the development of the army beyond the intermediate stage.

Since the size of a militialike army dictates that the active cadre personnel naturally can provide only the "framework" for the total number of cadre functions, the quality and sufficient quantity of reserve cadre personnel are of crucial importance. The following overview shows the success of efforts to develop the reserve cadre.

Date	Reserve Officer	Reserve Officer Candidate	Reserve Noncommissioned Officer
1 July 1978	8,159	8,132	4,494
1 July 1980	9,230	8,191	4,846
1 July 1982	11,334	7,927	6,025
1 July 1984	12,778	7,606	9,240

b) Armament and Equipment:

No uniform standard can be determined for this area summarized under the term armament. In antitank defense, the central element of defensive operations, significant progress was made by forcing the development of fortified installations and increasing substantially the number of tank destroyers. The lack of antitank guided weapons, however, reduces effectiveness considerably.

Neither can the lack of guided weapons be compensated for in the area of antiaircraft defense through tube weapons and this impairs the defense capability. The level projected for the intermediate stage could not quite be reached in the area of support weapons either. But an improvement is seen here as well through the development of Austrian products. The inventory of infantry weapons is covered 100 percent and the authorized level of battle tanks has likewise been fulfilled.

On the basis of these examples, one can, in general, deduce a gradual improvement in the material component. The difference in the achievement of the intermediate stage in the personnel area (fulfilled) and in the material area (not fulfilled in marginal areas) seems to be something that one can still cope with. Any further widening of the "scissors" between the personnel level and the armament area must be considered serious and thus as something threatening the achievement of the overall goal.

## 7. Final Observations

The essential points are the following:

--An increase in the scope of mobilization requires above all an improvement of the existing personnel structure.

--The fulfillment of the obligation to provide a reasonable protection of neutrality in the air documents the obvious will to preserve perpetual neutrality and thereby diminishes the danger of a possible escalation into a national defense emergency.

--The question of the procurement of up-to-date weapon systems, especially precision defensive weapon systems with a correspondingly high effectiveness, must be resolved soon (obligations under international law are to be observed in the provision of armament).

--The realization of the intermediate stage requires an improvement of the existing military infrastructure and its purposeful further development, whereby it is precisely in the barracks area that consideration must be given to the requirements of a modern society.

--The defense concept of area defense can become completely effective only when the other areas of comprehensive national defense also achieve an increase in effectiveness.

--A greater expenditure is needed to increase the value of the deterrent effect.

9746

CSO: 3620/13

MILITARY

FEDERAL REPUBLIC OF GERMANY

## LUFTWAFFE ACTIVATES FIRST RESERVE FIGHTER-BOMBER SQUADRON

Mixed Reserve, Regular Personnel

Bonn LUFTWAFFE in German Oct 85 pp 2-4

[Article by Wolfdietrich Hoeveler: "It Operates Very Well...!"]

[Text] Fighter-Bomber Squadron 44 had been activated 2 years ago at Leipheim--however, without reservists. For 12 days in September of this year, the surrounding kreis selective service boards called up more than 1,200 reservists. For the first time, a unit was activated which was made up half of reservists and half of active soldiers serving elsewhere.

From sunny Portugal, Alpha jets from the German Air Force Training Command at Beja transferred to Bavaria in order to use their aircraft, which normally are devoted to training purposes, to create the JaboG 44 Fighter-Bomber Squadron. Technical Group 31, which is normally responsible for maintenance and repair of the 175 Alpha jets of the Luftwaffe and is home-based at the Leipheim Air Force Base, became the second member of the technical group of Fighter-Bomber Squadron 44. Also, the four companies of Air Force Training Regiment 4, which is stationed at Leipheim, and part of Fighter-Bomber Squadron 49 from Fuerstenfeldbruck changed their subordination conditions for the duration of the exercise.

In peacetime, the Luftwaffe consists of about 104,000 soldiers. Over and above that, some 93,000 reservists are needed for employment during crises and for defense purposes. Then, the Luftwaffe grows to a strength of about 197,000 soldiers. Of the 93,000 reservists, 53,000 are assigned to active troop components which already exist in peacetime.

Approximately 40,000 are destined for employment in holding units which only exist on paper today and will only be activated in times of crisis or war. Thus, reservists play a great role in the Luftwaffe. The commandant of the 1st Luftwaffe Division at Messstetten, Major General Uwe Vieth, also commands the Fighter-Bomber Squadron 44 at Leipheim. During the activation exercise at Leipheim, he confirmed for journalists the necessity of having reservists in the components under his command and in the air force in general.

Until recently, reportedly very little attention was paid to reservists in the air force. "We left them anonymously to the mercies of the local selective service boards, we called them up every now and again and that was that. Things cannot and must not and will not continue in this manner."

While reservists are necessary to increase combat effectiveness during crises and war, operational components are of maximum significance in peacetime. Through their capability of reacting immediately and from a standing start, they make a significant contribution toward deterring an enemy and thus toward the maintenance of peace. The brief usable warning time makes operational components necessary; it is simultaneously characterized by a high degree of preparedness. If one had only cadre-type components which would have to grow to become usable combat units over a matter of several days and could, thus, be readily reconnoitered by the enemy, Gen Vieth said: "This would mean that the enemy could say--I shall invade this country without a buildup."

#### Increasing Combat Readiness

The air force used the complete activation of Fighter-Bomber Squadron 44 to test its reservist concept.

The significance of the mobilization supplement represented by reservists and active soldiers who are removed from their peacetime functions consists in raising the combat readiness of the air force through better employment and better training of the reservists and an improvement in the protection afforded to air force facilities. This is achieved through individual defense exercises and unit exercises.

General Staff Colonel Peter Neustadt, a group chief in the Air Force Office in Cologne, adds the following clarification:

Reservists who are called up subsequent to their military service for their standby readiness period, which does not exceed 12 months, increase combat readiness very rapidly.

Reservists who are part of the alert reserve (Alarmreserve) increase combat strength by undertaking support missions, protection of air force facilities, and removal of combat damage.

Over and above these two categories of reservists, reservists are kept in the personnel reserve component to balance personnel losses. Their numbers exceed the defense volume. The mass of so-called holding units to be made available in the event of a defensive action (495 squadrons/batteries) is made up of security squadrons (105 and 112 platoons) as well as of antiaircraft forces (53 antiaircraft batteries and 60 platoons). Some 21 high-speed runway maintenance squadrons are intended to make Luftwaffe airfields again ready for use following enemy attacks.

To support the American allies, the Luftwaffe makes available some 8,500 reservists in the event of crises or defense needs in accordance with the War-time Host Nation Support Agreement. Seven squadrons and seven platoons of air force engineer troops and medical corps troops are planned for this purpose.

In recent years, the number of practicing reservists has increased significantly. In 1981, there were 12,977; in 1984, there were already 19,416 reservists.

Whereas in 1981 some 43 percent of them undertook individual defense exercises, this number had shrunk to 21 percent by 1984. The majority of the practicing reservists who were called up, thus, participated in mobilization exercises involving closed units.

The activation of Fighter-Bomber Squadron 44 at Leipheim involved 836 reservists and 262 active soldiers for a period of 12 days; the active soldiers, for example, gave up their peacetime activities at one of the Luftwaffe schools at Beja and with Fighter-Bomber Squadron 49 for the duration of the exercise. The other soldiers were drawn from units stationed at Leipheim.

Overall, the squadron had a personnel strength of 1,843 men, approximately 15 percent below its full strength. This was caused by the fact that of 1,228 men only 840 reported for defensive exercises; 388 reservists were missing because the reasons they put forward were accepted by the local selective service boards. During a crisis or in wartime, a stricter yardstick would be applied. Only four reservists failed to report for service "without an excuse." A good sign.

Fighter-Bomber Squadron 44, in contrast to the other squadrons of the Luftwaffe, has no flying group with two flying detachments but rather only one fighter-bomber squadron. It is formed from forces from the German Air Force Training Command at Beja/Portugal and the Air Tactical Training and Experimental Group of Fighter-Bomber Squadron 49 at Fuerstenfeldbruck. With 21 Alpha jet fighter-bombers--a joint product of the Dornier Co. and Avions Marcel Dassault/Breguet Aviation--and 24 pilots, some 50 sorties were flown each day. The unit was expected to fly 374 sorties--136 of them at firing ranges, including 16 using ball ammunition.

For the equipment, Technical Group 31 was assigned as technical group to Fighter-Bomber Squadron 44 for the duration of the activation exercise, as it is planned to be assigned in the event of war. For the specialists of this unit, this presented no problem. Technical Group 31 represents the Alpha jet gate-opening toward industry. It performs maintenance and repair work for the 175 Alpha jets of the Luftwaffe. But operational flights and activation were not the sole mission of this exercise. Lieutenant Colonel Arno Urbschat, the commandant of Fighter-Bomber Squadron 44, emphasized that another purpose was the verification of the suitability, the realizability, and the completeness of personnel and materiel equipment documentation. The activation exercise involving Fighter-Bomber Squadron 44 was concerned with the training status of reservists.

This was true of all areas of activity. Thus, under the guidance of an active technical sergeant, reservists checked the electrical circuits of weapons systems, loaded Alpha jet aircraft with externally mounted loads or undertook minor maintenance operations. From the technical sergeant through the airman, first class, the verdict was: Enjoyable, because one gets to handle an aircraft again.



Whether the security soldiers saw the exercise in an equally positive manner is a moot question--but, after all, who likes to lie in the mud for 24 hours or longer?

Captain Olaf Hansen, chief of Antiaircraft Battery 224, felt in any event that the tough course of the exercise and the call-up of experienced reservists only promoted performance readiness in his unit. A publishing house businessman in Stuttgart in civilian life, the Hamburg native was operating as battery chief in Leipheim for the fifth time. He is not only familiar with the unit, but also knows the terrain.

This is one of the important intentions of the Luftwaffe. It wants to connect the reservists as closely as possible with their units. In each unit an officer is known who is responsible for contacts with the reservists, said General Staff Col Neustadt.

Contact among the reservists themselves is also promoted through unit exercises. Gen Vieth says: "It is difficult to forge reservists into a team. Some have not brought their equipment because their father is currently wearing the shoes."

Close connection with the unit and shortening of the training cycle (antiaircraft batteries and air force security squadrons practice every 2 years and other holding units practice every 3d year), joint operations involving active soldiers help the efforts to create a community.

Introduction of the career of reserve officer improves command capability. Nevertheless, the constant modernization of weapons and equipment systems makes the employment of reservists in specialist functions more difficult.

For example, pilots, according to Gen Vieth, can no longer be used after 3 years without expensive training. But even this is subject to considerations, according to Gen Vieth.

In response to questions from journalists as to whether the Luftwaffe would not wish to establish an American-type air national guard of spare-time reservists, Gen Vieth said the use of the still operational F-104, for example, for close-in air support, would be examined. Yet, the necessary costs play a large part in evaluating this proposal. The necessary personnel for maintenance and operation of such a facility was reported to be the greatest problem. Weekend practices were also not dismissed as a possibility for the work of reservists. Gen Vieth said that important goals of work involving reservists in the air force include promotion of employer insights into the necessity for defense exercises. This was only possible through personal influence.

With respect to the activation exercise at Leipheim, in any event, he said: "It's on, it's working, and it is working very well."

## Second Squadron Possible

Bonn LOYAL in German Oct 85 p 26

[Article by Peter Raabe: "Reservist Squadron: Luftwaffe Testing New Reservist Model"]

[Text] The Federal Air Force is starting down new paths in order to make stronger use of its reservists for its combat readiness than heretofore. The largest mobilization exercise of the air force since its inception was held at Leipheim and involved the call-up of 1,200 reservists who, for the first time, activated Fighter-Bomber Squadron 44, a unit which, in peacetime, actually only exists on paper.

The foundation of this mobilization unit is made up of the Leipheim Air Force Base group and of Technical Group 31; they were joined by the Air Tactical Training and Experimental Group of Fighter-Bomber Squadron 49 from Fuerstentfeldbruck, which provided trained pilots, as well as by personnel and Alpha jet aircraft from the German Air Force Training Command at Beja in Portugal. More than half of the wartime strength of the squadron was provided by the 1,200 reservists which were called up from an area extending approximately 100 km around Leipheim. Of course, there are not yet any fighter-bomber pilots in the reserve, as they are known in the United States since the end of World War II. But one does not want to exclude such a possibility in the long run, as Major General Uwe Vieth, commander of the 1st Luftwaffe Division with headquarters at Messstetten, explained, to whom the squadron is subordinated. Currently, according to Gen Vieth, the Air Force Command is studying the possibility of keeping some of the F-104 Starfighters, which are scheduled to be phased out, in service as a core for a "reservist squadron."

The turnaround in the thinking of the Luftwaffe began as a result of the anticipated decline in the age groups subject to military service. Gen Vieth says: "Until a few years ago, I exaggerate, we did not give a fig for our reservists; this can, must, and will not continue." The peacetime strength of the Luftwaffe is 104,000 men and, in case of war, will rise by a total of 97,000 reservists which are planned primarily for use in security missions. Some 53,000 of them will be assigned to active troop components; 40,000 will staff holding units of the Luftwaffe. Ideally, according to Gen Vieth, these holding units would, in future, consist of a cadre of 20 percent active personnel and would be constantly staffed by reservists to 80 percent of their strength. Currently, the Luftwaffe has more than 700 reserve duty training billets, whose number is scheduled to triple over the next few years in order to be able to call up more reservists for training. There is already a tendency now to have more frequent but briefer reserve training exercises for individuals and to replace individual training exercises with larger call-ups for mobilization exercises. In 1981, there were 13,000 reserve trainees; this number rose to 19,000 in 1984.

Approximately 70 percent of the called-up reservists reported for duty at Leipheim. There is satisfaction regarding their commitment. Gen Vieth says:

"It is going very well." The difficulty consists of forging the reservists who, for the most part, have been out of the Bundeswehr for years, once more into a coordinated team. There are virtually no disciplinary problems; on the contrary: the reserve company commanders will, during the course of the 2-week training exercise, be promoting a number of their present subordinates.

Should the experiences from this first activation exercise turn out to be as positive as the military leadership hopes, Fighter-Bomber Squadron 39 in Erding will be the next unit to be established according to this model.

5911

CSO: 3620/119

MILITARY

FRANCE

## REACTIONS TO GENERAL ARNOLD'S PUBLIC CRITICISM OF MILITARY

### Defense Policy Consensus Ends

Paris LE FIGARO in French 2-3 Nov 85 p 1

[Article by Xavier Marchetti]

[Text] Since Charles Hernu's replacement as defense minister by Paul Quilès a myth has been dying away, namely that of a national consensus on defense policy. It is true, however, that popular support for a defense policy of total deterrence was beginning to establish itself firmly in French public opinion.

Two factors accounted for this popular support. The first was the continuity in nuclear defense policy. Converted very soon after his election, President Francois Mitterrand has never let the slightest doubt exist about his intentions. A sixth nuclear-powered submarine was launched. A seventh has been ordered to enhance our nuclear strike force's presence at sea. As a result, the Soviets were compelled to take our military nuclear capability seriously, while in France that capability gained unquestionable approval. The second reason for this approval was attributable to Charles Hernu. Senior military authorities and rank-and-file officers and NCO's trusted him. And his demonstrated confidence in them prompted criticism solely from his socialist friends. This impression of mutual understanding between the defense minister and the armed forces contributed greatly to establishment of the consensus on defense policy.

But nothing seems to be working any more.

The truth came out with the parliamentary debate on the defense budget. The armed forces will have to pay for our economy's weakness. The inadequacy of defense appropriations--a situation that is far from being new, but which has now become most disquieting--has caused a whole series of vital equipment programs to lapse. Without AWACS [airborne warning and control system] aircraft, our system will be myopic in the event of a surprise attack. Without the new highly mobile surface-to-surface missiles, we shall not offset the vulnerability of our silo-based missiles on the Albion Plateau. And we shall have neither the AWACS nor the mobile missiles. For lack of money.

Against this background came General Arnold's "blast" in which he revealed that our tanks are obsolescent and utterly unfit for conducting any delaying action in case of a land offensive launched by Eastern bloc forces. Was the general's criticism simply an incidental act in an age when military leaders no longer feel obliged to keep silent at all times?

Certainly not.

In the military field, as in others, there are likewise experts who can argue ad infinitum about the probable conduct and course of a future war, and who are, therefore, capable of differing indefinitely on the best defense systems. And the choice of equipment depends on the system adopted.

But one thing is still certain, namely that a country can never make up for a severe lag in its armament. Yet, with the exception of missile-launching submarines and multiple independently targetable reentry vehicles, such a lag apparently now exists throughout France's armed forces.

The "Greenpeace" case, deplorably mishandled by [Prime Minister] Laurent Fabius, had perturbed all elements of the armed forces. The renunciation of indispensable equipment programs cannot help but aggravate this perturbation.

Moreover, misgivings within the armed forces is liable to put an end to the national consensus on defense policy, a consensus for which the socialist government had claimed credit.

#### Tank Strategy Faulted

Paris LE FIGARO in French 2-3 Nov 85 p 6

[Article by Pierre Darcourt]

[Text] Is General Arnold's severe criticism of our armored forces actually well-founded? In any event, as commander of the 1st Armored Division stationed in the FRG and as a career armor and cavalry officer, his remarks do accurately reflect the anger and impatience of many combat arms officers and NCO's desirous of obtaining, as quickly as possible, a tank capable of coping with the enemy threat.

It is altogether true that the West German Leopard 2 and British Challenger main battle tanks are two generations--between 20 and 30 years--ahead of our more than 20-year old AMX-30 tanks. Both are heavy tanks having applique armor--consisting of alternating layers of steel, ceramics, and other top-secret alloys--which considerably reduces the effectiveness of shaped charge warheads. Both tanks are armed with new 120-millimeter guns and equipped with improved fire control systems. The French AMX-30 tank's 105-millimeter gun could not penetrate the frontal armor of the Soviet TT-2 and T-80 tanks.

The West German and British tanks each weigh more than 50 tons and are designed to fight an all-out holding battle at the border with no thought of retreating. They are clearly more powerful, better armed, and better protected than the French tanks.



French officers of the combat arms disapproved of the French Government's decision to give priority to the tank-helicopter team as the primary factor in any future land battle.

These officers contend that our helicopters have no chance whatever of maneuvering in the lead of an advancing force. To be fully effective such a force must be assured of powerful air cover plus protection on the ground furnished by high-performance armored vehicles. French forces do not have such cover and protection. Given the formidable firepower of Soviet tanks and their supporting helicopter gunships and tactical aviation, our obsolete tanks and light helicopters have little chance of surviving.

Supporters of the government's policy condemn this line of reasoning. They argue that those persons who want heavy tanks nostalgically yearn for the Panzers and are currently preparing to wage World War II. The next war will be conducted under the cover of nuclear weapons. Our armored forces--1,300 tanks--and our light helicopters are designed to check the enemy prior to launching a nuclear strike--by means of Pluton or Hades [surface-to-surface missiles]--capable of destroying entire armored formations. In plain language, this means that France will not fight a "forward battle" and will rely on the German and allied shield to stop the enemy. This is a specious justification which is likely to revive a tumultuous debate on allied solidarity.

One thing is certain in any case: replacement of our old tanks, largely outclassed by their foreign competitors, will be a lengthy process. Our improved AMX-30B2 version is equipped with a laser and optical fire-control system and a night vision system (light intensification and thermal imaging). It also has a better transmission and is armed with a 120-millimeter gun. The AMX-30B2 will have replaced the AMX-30 on a one-by-one basis by 1990.

Yet even though this new version is an improvement, it will always be outclassed in number and power. The Germans will deploy more than 4,000 tanks, the Soviets nearly 80,000, and France 1,300.

Deterrence must be comprehensive. Our missiles will be ineffectual if we leave the task of holding ground up to others. France, a major nuclear power, is neither Yugoslavia nor Switzerland.

8041

CSO: 3519/34

MILITARY

ITALY

BRIEFS

1986 DEFENSE BUDGET FIGURES--English Summary of Interarma News Items--The 1986 Defense budget indicates forecast expenditures of L. 17,812b., up 8.7%; this figure represents 4.17% of total State expenditures. However, in the "Financial Law", reductions are indicated in expenditures to the effect of L. 220b. and an increase of L. 10b. for the re-financing of Law 497/78 (accommodation for military personnel) bringing the actual budget to in the region of L. 17,602b., 6.1% up on the indications originally made for the present fiscal year. Strictly military expenditures total L. 13,875.3b. of which 30% for military and civil personnel in service; expenditures for the military structure (training, maintenance, remodernization of equipment and the structure) is indicated in L. 8,536.8b. (up 723.6b. on '85), 48.5% of the budget itself. The examination of the Defense budget was made on the part of the IV Commission of the Senate on 4 occasions and terminated with an address given by the Defense Minister who said that the financial resources attributed to national defense are under the average of that of other nations in the Atlantic Alliance and also under the figure spent by some nations of the Warsaw Pact; however, the sum represents the most which may be borne at the present time and the NATO request for a 3% increase in spending has not been met. [Text] [Rome INTERARMA in Italian and English 24 Oct 85 p 53] /12851

CSO: 3528/24

MILITARY

NETHERLANDS

# VAN HOUWELINGEN URGES MORE MODERN DEFENSE INDUSTRY

Rotterdam NRC HANDELSBLAD in Dutch 23 Oct 85 Supplement p 1

[Article by Pieter Maessen: "The Defense Industry: Larger, More Varied and More Modern -- Basic Changes in Policy on Arms Production and Arms Export"]

[Text] For years now arms production and export has been a subject talked about only in covert terms. The government once considered shifting the defense industry to civilian production. But a drastic change has now occurred in this approach. Secretary of State Van Houwelingen wants Dutch industry to throw itself more into arms technology and to be more active on the defense market.

Without wasting too many words on it, the administration last month effected a basic change in policy concerning the Dutch defense industry. In 1977, this subject still rated a special memorandum by Secretary of State for Disarmament Kooijmans about "the military industrial complex." The "Defense and Dutch Industry" memorandum of a month ago did not come from the Ministry of Economic Affairs, where they might be concerned about the economic activity, but from the secretary of state for defense equipment, Van Houwelingen, who worries about arms purchases for the Dutch army. For years now, arms production and arms export have been a subject talked about in covert terms in the Netherlands. A country which pursues peace as much as we do should itself of course not make too much of its defense industry. What we get from the defense industry is accepted so to speak under the table, but that is where it should stay. If it depends on Van Houwelingen, then this will change fundamentally.

The Ministry of Defense spends 4 billion guilders annually on the purchase of equipment. Forty percent of that amount flows abroad, primarily to the United States. But for years now, all purchases abroad of more than 5 million guilders have included the stipulation that the supplier provide some kind of economic activity in the Netherlands, the so-called compensation.

This could consist of establishing subsidiaries in the Netherlands or the taking under licence of products in the Netherlands, with export opportunities for Dutch industry. In addition there is the possibility that weapons systems may be co-produced in the Netherlands, for example by building the end product together. Finally, other agreements could also be made, such as having the foreign supplier make purchases in the Netherlands. These forms of compensation

are nearly always coupled with extra costs for the Ministry of Defense, but that is balanced by the activity they generate in the Netherlands.

A well known example of compensation is the construction of General Dynamics' F-16 fighters by Fokker. The purchase of Rolls Royce engines for the Royal Navy was compensated by the acquisition of Goalkeeper air defense guns (from Hollands Signaal) by the British.

#### Under Pressure

With the purchase of the Patriot system for air defense Secretary of State Van Houwelingen even stipulated more than 100 percent compensation so that the spending of more than 1 billion guilders in the United States will ultimately provide a compensation of more than 1 billion for the Dutch economy.

That is to say if all goes well, because finding compensation opportunities is precisely the main problem. Last week in Washington, Van Houwelingen tried to put pressure on his American counterpart, Assistant Secretary Taft, to finally make the promised orders in the Netherlands. The implementation of a beautiful compensation agreement has proven far more difficult than making the agreement itself.

So far, within the framework of the Patriot compensation, a Fokker subsidiary in Woensdrecht has started construction of parts of this system and provision is being made for the creation of a Patriot missile maintenance center, also in Woensdrecht. Another affair hanging over the market is the maintenance of American and Dutch Orion patrol planes, for which KLM [Royal Dutch Airlines] and -- again -- Fokker-Woensdrecht are in the running.

But Van Houwelingen has noticed in recent years that it is becoming more and more difficult to bring in compensation orders because the Netherlands has so little to offer in the area of defense industry. Therefore his memorandum sets three major goals:

- the position of the Dutch defense industry must be improved by strengthening defense technology policy;
- in searching for compensation orders for Dutch industry greater consideration must be given to obtaining military counter-orders;
- business and industry must become more actively involved in European cooperation in the area of defense equipment.

In short: Dutch industry must throw itself more into defense technology and become more active on the defense market. It should not only look at what it can get rid of in the Netherlands, but also at what the needs in Europe are. The Dutch defense industry must become larger, more varied and more modern.

Van Houwelingen wants the industry to have an impact on European equipment projects "not by the sometimes laborious gathering of compensation orders, but through its own direct contribution from the defense industry."

In an interview with this newspaper a month ago, Van Houwelingen said that industries can no longer wait until political pressure is applied to provide them

with orders. Van Houwelingen: "The Defense Department now says: you may participate but you have to come across yourselves and come up with proposals. That is why I think that some companies will look at this memorandum with mixed feelings."

But under the new policy the government will also be willing in certain cases to bear the additional costs related to production in the Netherlands.

## 2.2 Billion Guilders

The fact that the Dutch defense industry is being stimulated by the government does not mean that it is still insignificant now. In 1981 the Netherlands was in eight place in exports of large weapons systems to the Third World and earned \$59 million that way. (At the head of the list was the United States, with exports of \$2.670 billion to the Third World.) This branch of industry in the Netherlands has a turnover of 2.2 billion guilders and provides jobs for 16,000 people.

Hence, Van Houwelingen's problem lies primarily in the competition with defense industries in the other Western countries. If the Netherlands wants to receive compensation orders for spending in America, England or the FRG, then it will have to have something to offer itself in the military industrial area. In the nineties, the main order will be the successor to the F-16, which will involve a sum of 10 to 15 billion guilders. A country will have to have something to offer if compensation orders are requested for that amount from America or France.

Van Houwelingen's memorandum, which is supposed to bring this about, includes primarily a large number of structures for consultation between the industry and the Ministries of Defense and Economic Affairs, and a few stimulation measures for the development of technology. To that effect, 5 million guilders have been set aside in 1986 in the Ministry of Defense budget and that will not increase spectacularly over the following years. The contribution by the Ministry of Economic Affairs has not been determined in guilders. Even though the Ministry of Economic Affairs, and specifically the Military Production Commission under it, was involved in the preparation of the memorandum, it is conspicuous that Minister Van Aardenne's signature is missing.

## Small Enterprises

The memorandum pays extra attention to the small and medium size enterprises which are active on the defense market. In awarding defense contracts, the government will try to force the main contractor to involve Dutch subcontractors, but everyone knows that something like that cannot be enforced.

In spite of the relatively clear intentions, the secretary of state's use of words is not unambiguous. Hence, there is some tension between this new policy and, for example, the memorandum on arms exports and the conversion of the defense industry into a "peace industry" (the so-called conversion) which the administration published less than 2 years ago.



This memorandum was written -- at the insistence of parliament -- out of concern for the foreign political problems which arose each time arms were exported. It even included a very careful exploration of whether and how the arms industry could be brought to an end. As a matter of fact, the latter was made dependent at the time on "the specific circumstances under which the need for military equipment would decrease." Since then that decreasing need has not been noticed anywhere and Van Houwelingen's new memorandum actually signals a greater need for Dutch defense products. Nevertheless, Van Houwelingen says that "the situation must be prevented whereby the strengthening of our military industrial capacity would create pressure on the government to guarantee a more or less steady demand for military production. This could mean that the stimulus for arms exports which has been created is too strong."

He also says that there are limits to the acquisition of counter-orders in the military area. "The Dutch defense industry is limited in volume and it is not our intention to substantially expand its capacity." Even though the defense industry must thus improve technologically, this industry should not be expanded.

#### Approval of Parliament

It is expected that Van Houwelingen's policy will be approved without many problems by the majority of parliament, but on the issue of arms exports especially the secretary of state will have to defend himself against PvdA [Labor Party] member of parliament Van den Bergh.

"If you want to be successful, then you will have to provide substantial stimulation and build up a fully developed defense industry," said Van den Bergh. He expects that exports will have to be stimulated substantially (with all the political problems related to this) and that the Ministry of Defense will become very dependent on our own Dutch industry.

According to Van den Bergh, purchases in our own country, which Van Houwelingen keeps pleading for, will lead to additional costs for defense because competition here is limited. The government, which itself helped with the development of certain arms systems, will find it hard not to buy that system itself, with all the problems this entails.

At the Ministry of Economic Affairs they recognize this problem, but they are confident that the active participation of accountants will be able to prevent the demand of exorbitant prices due to the fact that competition has been eliminated.

The PvdA member of parliament said that research into certain modern defense techniques is indeed necessary, but that Van Houwelingen fails to make a connection between industrial policy and the question of what kind of weapon you need for a defensive alliance. "In extreme terms the question is: are you going to develop tanks or anti-aircraft guns," noted Van den Bergh. In order to meet the need for compensatory activities in the Netherlands Van den Bergh proposed that suppliers of weapons systems be compelled to establish an enterprise in the Netherlands. Those suppliers are primarily American companies

such as Lockheed, General Electric, General Dynamics and Raytheon. Would they be willing to accept such hand tying? Van den Bergh thinks so. "The military trade balance was so much in favor of the United States that we in fact helped finance it. Why wouldn't they invest here then, if necessary with a civilian branch of their enterprise. I consider it an interesting point of departure."

CDA [Christian Democratic Appeal] member of parliament Van Vlijmen did not see much new in the memorandum of his party colleague Van Houwelingen. "There are a few practical shifts of emphasis which are necessary if you don't want events to get ahead of you," he said.

VVD [People's Party for Freedom and Democracy] member Blaauw feels that the new approach is really an improvement and stresses the importance of exporting weapons not only to NATO partners but also to other countries. He also feels that involving smaller enterprises in the defense industry is a positive step. Blaauw also realizes the risk that the Ministry of Defense will become even more dependent on the small Dutch market, and he feels that that is not a healthy situation. It leads to extra pressure on the Ministry of Defense to maintain Dutch employment and to extra costs. That is why, according to Blaauw, in such cases the Ministry of Social Affairs should contribute.

The head of the Military Production Commission in the Ministry of Economic Affairs, Van Kesteren, believes that the new approach will have very concrete consequences for certain industries. "It could for example pull an enterprise, which is wondering whether it will stick to building a small component within a weapons system or whether it will spread its wings further, over the line." Van Kesteren is also convinced that the influence of the defense industry will have a positive impact on civilian industry, and this because of the quality requirements applied to defense contracts.

8463

CSO: 3614/22

MILITARY

NETHERLANDS

# CDA GROUP WANTS NUCLEAR ROLE FOR 155 MM HOWITZER

Amsterdam DE VOLKSKRANT in Dutch 18 Oct 85 pp 1, 7

[Article by Hans Goessens: "CDA Group Wants To Give 155 MM Howitzers Nuclear Task"]

[Text] The Hague -- A group of prominent members of the CDA [Christian Democratic Appeal] feels that it should also be possible to use the army's 155 millimeter howitzers to fire nuclear shells. With that they are diametrically opposed to the attempts made by the CDA parliamentary party and by Minister De Ruiter (Defense) to reduce significantly the number of nuclear tasks.

In a confidential memo to the CDA leadership, the working group Peace and Security noted that, of the four current nuclear tasks NATO requires the Dutch armed forces to continue to carry out, only that of the navy (Orion) could possibly be scrapped.

The working group is part of the Foreign Affairs Committee of the CDA. Under the chairmanship of former Secretary of State for Defense Mommersteeg, the working group formulated an opinion about the nuclear tasks which closely agrees with the conceptions of NATO. The working group consists of experts from the circle of Foreign Affairs and Defense.

Among them is one of Van den Broek's top officials, De Savornin Lohman, Director Neuman from Clingendael (the student center for international problems) and the director of the scientific office of the CDA, Oostlander. Members of parliament Frinking and De Kok and member of the European Parliament Penders are acting as advisory members.

The working group's opinions are also closely related to those of the VVD [People's Party for Freedom and Democracy]. The VVD has also always denied that a decision had to be made for military reasons to reduce nuclear tasks. However, during the general debate in the Second Chamber it was once again obvious that the CDA strongly insists on rejecting tasks, simultaneously with the possible deployment of cruise missiles.

CDA parliamentary party leader De Vries said on Thursday: "I am confident that the administration's intentions concerning the reduction of existing nuclear tasks will be substantial enough for the CDA parliamentary party." Spurred on by PvdA [Labor Party] leader Den Uyl, De Vries later became even

more concrete: "We feel that the Lance missiles should be maintained. For the rest, I feel that it should be possible to talk about numerous matters. This one task, however, we want to save. All the others can be discussed in our opinion." The Lance missile is a ground target missile.

## Solidarity

At the end of this month the administration will make a definite decision about the deployment of the cruise missiles. According to last year's decision of June 1 it will also be necessary to indicate whether any, and if so which, of the current nuclear tasks could be rejected.

Within NATO a decision was made in late 1983 in Montebello (Canada) to eliminate the nuclear mines and the Nike missiles (replaced by the conventional Patriot missiles). This will leave four nuclear tasks for the Dutch armed forces. They are respectively carried out by the Lance missiles, the 8 inch howitzers, the F-16 jet fighters and the Orion patrol planes.

Solidarity with NATO plays a major role in the discussion. For that reason CDA Minister Van den Broek of Foreign Affairs opposes any further reduction of nuclear tasks, while De Ruiter of Defense (CDA) wants to translate the reduction of the role of nuclear arms advocated by his party into scrapping the nuclear task of the F-16 and Orion.

The CDA working group is not blind either to the separate position of the Netherlands within NATO when nuclear arms come up for discussion. But, according to the working group, in other countries where American medium range weapons have been deployed there is no question of coupling it with a reduction of other nuclear tasks.

The working group noted that the reasoning of De Vries and other CDA parliamentary party members is wrong, as though we had already been reduced to four nuclear tasks or less. In its opinion, the two tasks which have already been "given away" (Nikes and mines) should indeed be counted when there is talk of reduction. That also applies to the nuclear task for the 155 millimeter howitzers because no definitive decision was ever made about them.

"NATO leans rather heavily here, primarily because the artillery is part of the frontline defense in the FRG," the working group also argued. For the same reason it is hanging on to the nuclear task for the Lance missile. The CDA working group feels that because the Netherlands has only 8 of the 8 inch howitzers at its disposal, that weapon is rather vulnerable.

## Orion

That problem could be overcome by also nuclearizing the 155 millimeter howitzers, of which there are many more. An additional argument for this is the fact that the Soviet Union also has increasingly more heavy artillery at its disposal which can be used both in a conventional and a nuclear mode. According to the committee, the weight of the function of NATO's dual capability artillery (can be used in two ways) in deterrence is becoming greater rather than smaller.

The CDA working group also wants to maintain the nuclear task of the F-16. Ultimately, the possibility does exist to reduce the number of jet fighters with a nuclear task. In this respect, the Mommersteeg Committee is assuming that the Netherlands will deploy the cruise missiles and that it will also be possible to use the successor to the Lance missile conventionally.

What remains then is the Orion nuclear task. The working group admits that, conventionally speaking, there is no alternative to that as yet. Moreover, this nuclear task contributes to deterrence against the first use of Soviet nuclear arms at sea. But the working group has doubts as to the question of whether "the Orion in particular makes the most important contribution to deterrence."

When asked for a further explanation, working group Chairman Mommersteeg said "that he is not completely certain" whether his advice will get all the way through the party apparatus completely intact. "But so far our positions have been taken over in full by the Foreign Affairs Committee and the party leadership, and they have also had some influence on internal party discussions."

Mommersteeg expects that the thrust of the advice will be "grudgingly" accepted by NATO. Next week the Foreign Affairs Committee will meet to discuss the matter. "I don't completely exclude the possibility that because of more heavily weighted arguments, the party leader may deviate from our advice," said Mommersteeg.

8463

CSO: 3614/23



MILITARY

NORWAY

# NATO 'FIRE BRIGADE' GETS ITALIAN GENERAL AS NEW COMMANDER

Oslo AFTENPOSTEN in Norwegian 7 Nov 85 p 23

[Article by Liv Hegna]

[Text] Maj Gen Franco Angioni will assume leadership of the NATO "Fire Brigade" beginning in the spring of 1986. Angioni said by telephone from Rome that he was looking forward to cooperating with the Norwegian military forces in his new job. The Italian NATO embassy will not be informed of the appointment until next week. The appointment will officially be made public only at the beginning of next year.

There has been a certain amount of interest concerning the appointment, since a German general was also nominated for the position. Earlier this year the supreme commander of allied forces in Europe, Gen Bernhard Rogers, told AFTENPOSTEN that it probably was time for the Germans to receive a greater share of top positions in NATO. The main argument against making a German general head of the "Fire Brigade" has been that this could provoke Finland and the Soviet Union, which would object to German generals commanding troops in Norway. There was talk of a secret addition to the Finnish-Soviet mutual assistance pact that supposedly contained paragraphs on permitting military passage through Finland if this were to occur.

Informed sources within NATO told AFTENPOSTEN today that the appointment of Maj Gen Franco Angioni had nothing to do with this problem. It was pointed out that, according to the terms of the appointment, a German general would be named next time if an acceptable candidate were available.

According to the procedure for high-level NATO appointments, the countries submit their applications in a formal letter to SACEUR, the supreme command for allied forces in Europe. He then evaluates the applicants and makes a recommendation or nomination. The NATO ambassador of the country in question is then informed. SACEUR and the embassy then agree on a date for public announcement of the appointment.

Maj Gen Franco Angioni is 52 years old. He was born in Sardinia, but grew up in Rome. He now works at the Italian general staff, where he is chief of the third division, which works with operative doctrine and training. He told

AFTENPOSTEN that, as a paratrooper, he had learned the value of mountainous terrain and had a reasonably good background for winter warfare in North Norway, since he has trained in the Italian "alpini" several times. Maj Gen Franco Angioni does not anticipate participating in "Fire Brigade" exercises in North Norway during the winter of 1986. Maj Gen Andrew Christie of Canada will be head of the "Fire Brigade" until May or June of next year.

9336

CSO: 3639/33

MILITARY

NORWAY

# MINISTRY ISSUES NEW REGULATIONS TO PROTECT CLASSIFIED DATA

Oslo AFTENPOSTEN in Norwegian 6 Nov 85 p 4

[Article: "Defense Facilities to be Better Protected"]

[Text] The Justice Ministry has developed new regulations concerning the freedom of information which will make it more difficult to obtain information on military installations through access to documents. The authorities also want to point out that the press and the public have no right to see any journals or documents belonging to the security service. According to general secretary Hans A. Ihlebaek of the Norwegian Press Association, his first impression is that the new regulations do not represent a major setback for the ability of the press to work, compared to today's situation.

The Defense Ministry and security service believe that today's regulations do not offer sufficient protection against public access to documents that are of importance to the nation's security. According to the Defense Ministry, the number of applications for access to defense documents has increased sharply in recent years. The ministry also believes that a systematic collection of information on defense installations is taking place. Individual bits of information that are collected may seem to be of little interest but, when added to other information, they can indicate the establishment, existence, or location of classified facilities.

## Defense Installations

In the new regulations, the Justice Ministry recommends a new paragraph that would eliminate public access to all documents concerning military installations. This would not apply to documents involving land acquisition or expropriation, however.

The ministry would also like to include a regulation eliminating public access to journals and documents belonging to the security service.

"A number of exceptions have already been made with regard to the right to know in this area," Ihlebaek said. "The new regulations are intended primarily to close a loophole in the law. A recent article in the magazine LOV OG RETT

actually raised doubts concerning our legal authority to exclude journals and documents of the security service from public access," Ihlebaek said.

The Norwegian Press Association is one of the organizations that have received the proposed new regulations. Opinions must be submitted by 1 December. In the past, the Norwegian Press Association asked that the proposed revision to the public access law be presented to parliament and the Justice Committee of parliament, which was done. Now Ihlebaek hopes that this will also occur with the new proposed regulations before they take effect.

9336

CS0: 3639/33

MILITARY

NORWAY

#### FOREIGN REGISTERING OF MERCHANT MARINE SEEN HURTING DEFENSE

Oslo AFTENPOSTEN in Norwegian 8 Nov 85 p 56

[Article by Liv Hegna]

[Text] The Trade Ministry will undertake a study to determine the military consequences of the foreign registry of Norwegian ships. One third of all Norwegian ships that are totally owned by Norwegian shipowners are now registered abroad. AFTENPOSTEN was told at the Trade Ministry that officials there understand that NATO wants to make an inquiry into this matter, since perhaps the most important contribution Norway has been able to offer the alliance is a large tonnage for the ocean transport of supplies and reinforcements during a war.

Greece is unrivaled in this respect, offering the greatest capacity. Norway, the United States, Great Britain, and West Germany also make significant contributions to the NATO pool of ships. As indicated during the presentation of the report on shipping some time ago, parliament intends for most of the Norwegian fleet to sail under the Norwegian flag. The Trade Ministry has interpreted this to mean more than 50 percent. The fact that one third of the Norwegian-owned ships now sail under flags of convenience is complicated by the many forms of ownership within the shipping branch. There are chartered ships, ships operated by Norwegian shipowners on behalf of foreign shipowners, and Norwegian minority interests in international companies. How should Norwegian authorities control groups of this type? Another question the Trade Ministry must now deal with is whether or not it will be possible to reach agreements with countries that take over Norwegian tonnage. According to a Norwegian law of 1952, Norwegian authorities have the right to requisition Norwegian vessels. Obviously, this law cannot be applied to other countries.

Rear Adm Rolf E. Pedersen, who is operative chief of naval forces in South Norway, told AFTENPOSTEN that the military is certainly capable of meeting sea transport needs within its national boundaries. The Trade Ministry confirmed this and stressed that it would be a long time before foreign registry had serious consequences on our national preparedness. The real source of concern is our possible lack of ability to meet our NATO obligations.

With regard to crews for the ships, the Trade Ministry believes that a comprehensive solution within the alliance must be achieved, since Norway has fewer



and fewer Norwegian seamen. Foreigners working on board Norwegian ships are seen as living in Norway and can be forced to work in case of war. Of course, Norwegian authorities have no control over foreigners on foreign vessels.

When asked whether agreements would be sought with countries that register Norwegian ships, so that Norway could utilize such ships during a war, Trade Ministry officials said that, so far, this had not been taken up as a concrete issue.

The Trade Ministry works in close contact with the preparedness office of the Norwegian Shipowners Association. Presumably, the Norwegian Seamen's Association will also be brought into this work. The work now being done by the Trade Ministry and the shipowners association has nothing to do with the preparedness work being carried out under the title Naval Control of Shipping. The latter involves plans by the military for control, protection, and defense of convoys during times of war.

9336

CSO: 3639/33

MILITARY

NORWAY

MINISTRY RACKS GREATER BUDGET POWERS FOR FORCES' COMMANDER

Oslo AFTENPOSTEN in Norwegian 7 Nov 85 p 3

[Article by Liv Hegna]

[Text] The defense chief has asked for more personnel. He has also proposed less strict regulations and more personal discretion on budget issues. This position is supported by the Defense Ministry. Undersecretary Oddmund Hammerstad told this to AFTENPOSTEN. He said this would give the defense chief the possibility of transferring positions within the individual service branches and from one branch to another.

"The Defense Ministry and the Supreme Military Command have a division of labor that clearly gives the defense chief the task of developing qualified personnel. This is a positive aspect and the Supreme Military Command is now trying to solve the personnel problems that exist. This is not a question of more money, but of nontraditional thinking. Even during the present fiscal year the military has several hundred man-years that are not being used. This means there is a significant amount of money that has been budgeted for wages that will not be used," undersecretary Hammerstad said.

According to the undersecretary, it is totally incomprehensible to the military leadership that large amounts of additional money would be used for the wages of certain operative officers, such as pilots, when we know that they already earn as much or more than their ultimate rank would ordinary allow, he said. Hammerstad named pilots as an example, in this connection. He is most concerned about the security aspect of the pilot problem. It is the leadership element of the air squadrons that is most scarce. Ultimately, it may mean that not only our national air defense system will suffer, but also our direct control of allied squadrons in Norway during times of peace and war. "It is a matter of national control," he said.

Are we already receiving signals from the allies indicating that they want to control exercises in Norway?

"It could soon come to that."

Will the Norwegian people be informed when national control over air defenses is no longer in Norwegian hands?

"I cannot say now whether or not the military will keep the public posted on developments of this type. It could happen that it will only be a matter of temporary solutions," undersecretary Oddmund Hammerstad told AFTENPOSTEN.

9336

CSO: 3639/33

MILITARY

NORWAY

STORTING APPROVES SUPPLEMENTARY DEFENSE APPROPRIATIONS

Oslo APTENPOSTEN in Norwegian 6 Nov 85 p 5

[Article by Einar Solvoll]

[Text] "It would be lunacy for the military to use money before it was allocated," Tore Austad (Conservative Party) said yesterday when parliament approved supplementary defense appropriations totaling several hundred million kroner for this year's military budget. Defense Minister Anders C. Sjaastad said that parliament would be correct in criticizing the military if, in a panic, it began to use up money simply to obtain increased appropriations year after year.

The debate followed parliamentary approval yesterday, over the objections of SV (Socialist Left Party), of a reallocation of the military budget that, this year, will mean an additional 622 million kroner. This sum will be covered by savings of 390 million kroner and 232 million kroner in new funds. The Labor Party supported these allocations, basing its decision on the fact that parliament had decided previously that there should be a real increase in the defense budget of 3.5 percent. Defense committee chairman Kjell Magne Fredheim (Labor Party) pointed out, however, that the Labor Party would support a 3-percent growth rate in the future, which is also the NATO goal.

SV Criticism

SV speakers, led by Theo Koritzinsky, Arent M. Henriksen, and Hanna Kvanmo, sharply criticized this position and reminded parliament that the General Accounting Office had recently pointed out that the military had failed to use 800 million kroner last year while, at the same time, parliament granted additional appropriations of several hundred million kroner.

Defense Minister Anders C. Sjaastad pointed out that these additional appropriations had been approved by parliament as late as 13 December last year, just 14 days before the end of the year. The defense minister pointed out that the military should have been criticized if, instead of waiting, it had rushed out and spent all the money in a panic simply to get rid of these funds before the year was over.

## F-16 Bill

The minister reported that the military still had large sums of money at the year's end because planned procurements and anticipated payments had been delayed. This was true, among other things, of large payments for the F-16 program, the bills for which began arriving only after the beginning of the new year. For this reason, the funds were transferred from one year to the next.

Both chairman Thore Austad (Conservative Party) and his fellow party member Thor Knudsen stressed that, with regard to the military, it was insufficient to look at expenditures for 1 year at a time. The military makes plans for 5-year periods and, thus, it is the subject of long-term planning--based on a goal of 3.5-percent real growth annually. This caused SV speakers to direct sharp criticism against the military which, they believed, did not follow the same government regulations as all other ministries. In the end, however, parliament approved the appropriations that the Defense Ministry had sought, over the objection of the SV members alone.

9336

CSJ: 3639/33



MILITARY

NORWAY

NAVAL SUPPLY COMMAND CHIEF ON PERSONNEL PROBLEMS, UPDATING

Oslo AFTENPOSTEN in Norwegian 5 Nov 85 p 16

[Article: "Acute Shortage of Personnel"]

[Text] The Naval Supply Command has informed the Defense Ministry that it has an acute need of 60 new qualified workers, Rear Adm Egil Halvorsen of the Oslo Military Society said yesterday. For several years the Naval Supply Command has been forced to reduce its number of employees. This has led to a reduction in the administrative sector, since the organization has chosen to prioritize the use of personnel in the operative sections. Another problem is that more and more employees have chosen to work in private business.

Halvorsen added, however, that even if the need is met by adding more positions, the Naval Supply Command will still face the problem of the government wage system which provides insufficient wages for the recruitment of highly qualified people and the retention of personnel who have gained such qualifications.

"Our problem maintaining a sufficiently high level of competence also reduces our ability to make widespread use of advanced consulting positions. If, on the other hand, we had a "quasigovernmental" firm, according to the Swedish model, with almost complete freedom to set wages, which could work as an extension of the supply command, we would have much greater security with respect to the purchase of such services," Halvorsen said.

Rear Adm Egil Halvorsen is head of the Naval Supply Command. In his speech to the Oslo Military Society, he made no secret of the fact that both the navy and the coastal artillery are working with outdated materiel, some of which dates back to World War II.

"The need for modernization and replacement of materiel has become one of our main problems. With the investment levels we are facing in the coming years and the large gap that has already been built up, the situation looks rather bleak," Halvorsen said.

He pointed out, however, that there were also positive developments. A limited modernization of the coastal artillery is now underway. Six modern submarines

are being developed and six of the old Kobben-class submarines are being modernized. Escort vessels are also being modernized. "Last but not least, we will soon begin a new project, namely mine-clearance vessels," Admiral Halvorsen said.

He pointed out that, when it had to, the navy could show its stuff, referring to the largest peacetime exercises in history, carried out Easter week of this year here in Norway.

"Like a bolt of lightning out of the blue, the defense chief's order was given early on the morning of Monday 20 May. The purpose of the exercise was to test the navy's ability, without warning, to move the fleet, fully equipped, to a given position and to be ready for a military operation. Most of the forces that were called out were in place in Vestfjorden within 2 days as a result of a major effort by both crews and supply personnel," Adm Egil Halvorsen said.

9336

CSO: 3639/33

MILITARY

SPAIN

# UNREST IN CIVIL GUARD OVER UNIONIZATION ISSUE

Madrid CAMBIO 16 in Spanish 21 Oct 85 pp 51-52

[Text] Around Christmas of 1982, 2 months after the Socialist victory at the polls, a group of Civil Guardsmen consisting of a lieutenant, two sergeants, a corporal and two privates met in a Madrid park to lay the groundwork for a new union. The promises of the PSOE [Spanish Socialist Workers Party] to demilitarize the Civil Guard had infused them with hope and led them to design an organization that would channel the Guard's social, economic and professional grievances.

Their hopes dwindled as the months passed. In a surprising turnabout, the administration stated that the Civil Guard was unequivocally military in nature, thus scuttling the possibility that the union would be legalized. They would have to remain anonymous to avoid the 6-year prison term that the Code of Military Justice provides for in cases of illegal association or sedition, not to mention being expelled from the corps and losing their livelihood.

They have thus gone underground and formed the SPGC [Professional Union of the Civil Guard]. In a 72,000-man corps, the SPGC claims that it has more than 10,000 active members and more than 40,000 sympathizers. Special services and intelligence agents have been looking for them for months, but often because of their colleagues' complicity the investigations have gone nowhere.

Leaders of the union agreed to talk with CAMBIO 16 at a juncture that they regard as crucial to the Civil Guard's future because of the parliamentary debate on the State Security Forces and Corps Act. For the time being, the press is their only sounding board.

"The bill," says a lieutenant committed to the SPGC, "is regressive, and the Socialists have made a mistake. The bill is based on militarist criteria and would be typical of a dictatorship. Dictatorships protect themselves against the people with police forces similar to the ones that the PSOE wants to institutionalize. In a democracy, it is the citizens who through their policemen protect themselves against a possible dictatorship, and this is the effort that we want to contribute to."

The union's leaders realize that it is highly unlikely that their petitions from the underground will strike a responsive chord, but they refuse to become discouraged. "We have to keep on fighting," they go on to say, "and see to it that the Civil Guard becomes a demilitarized corps, like it originally was. The PSOE has a historic chance to give Spain civilian security corps and it is apparently wasting it. Military pressures? The easy way out? Maybe. The fact is that the law has again dashed our hopes, which paradoxically the Socialists had reawakened in us. We would like the parliamentary groups to grasp the scope of the bill and our situation and to convince the PSOE to withdraw the bill from Parliament."

These underground guardians of law and order smile sarcastically when they read and hear that the bill strengthens the Civil Guard. "They say that they are strengthening us because they are giving us jurisdiction at sea. That's ridiculous, because the bill overlooks the basic thing, our rights, the rights of the guardsmen on foot. The Civil Guard is effective because of our own individual self-esteem and, above all, because of our fear of the Code of Military Justice. Discipline is always taking the form of abuse of subordinates by superiors and, often, humiliation and punishment. Rank is more important than common sense. It's sad, but the Civil Guard has remained untouched by the changes in society, and democracy has not made it into the barracks."

They know that official Civil Guard circles regard them as "undesirables" and even as "dangerous Reds in service to communism." "We don't care about such demagogical attempts to discredit us. Generals Aramburu, Cereceda and Hermosillo have also called us traitors and lowlifes just because we're trying to obtain a minimum level of dignity, rights and freedoms for all Civil Guardsmen, speaking out against unjust situations, demanding an audit of the Mutual Aid Association, which is a real scandal, and speaking out against subhuman living conditions and so many other things. Deep down the chiefs know that we're right, and the worst part is that the administration is incapable of stepping in. It can only think of enforcing the Code of Military Justice to prevent us from acting and calls that discipline."

The leaders of the SPGC say that the PSOE has let them down because it has failed to keep its promises, thus causing most Civil Guardsmen to lose heart. "Many of the guardsmen had high hopes when they voted for the Socialists. Three years have passed, and things have gone from bad to worse. It stands to reason that we're disappointed. The PSOE has not brought about the sweeping changes it promised and, to top it off, has upheld something that would have caused it to blush 3 years ago: the military structure."

#### The SPGC's Grievances

--Answerable exclusively to the Interior Ministry

--A civilian to head up the General Directorate

--Demilitarization of the corps

- Abolition of the Code of Military Justice
- Legalization of unions
- Redesigning of the current uniform, with an end to the three-cornered hat
- No more auxiliary Civil Guardsmen
- Creation of a parliamentary committee to study possible unification with the National Police Corps
- An immediate halt to military schooling and the removal of Armed Forces professionals
- A professional document issued by the Interior Ministry, not the army
- Creation of a committee to investigate crimes of corruption

8743

CSO: 3548/21



MILITARY

SPAIN

# PSOE AIMS TO CHANGE MILITARY CURRICULUM

Madrid CAMBIO 16 in Spanish 21 Oct 85 pp 46-48

[Article by Miguel Angel Liso]

[Text] Prince Felipe has begun his mandatory military service, with which the administration is not entirely satisfied but not displeased either. Since the Socialists took office in 1982, they have been bent on modernizing, "not reforming" (as they like to clarify) military training.

So far, the efforts to modify the training and to tailor it to today's society, which is the crux of the matter, have resulted in timid, pro-forma and barely perceptible gains. According to the undersecretary of defense, Gustavo Suarez Pertierra, the man who is in charge of the purported modernization, the changes will not be felt until the next legislative session. In short, the administration's goal is more humanistic military training in the years to come.

"In what is called the technical area," Suarez Pertierra says, "our military men are at a high level of training, comparable to and even higher than that in the other Western countries. It is in the humanistic sphere that we have to work the hardest and try to adapt the content of courses to the times. We have to forge a stronger link between civilian and military values, strike a balance between purely military values, such as discipline and the chain of command, and the other values that touch all citizens alike. In other words, military personnel must be taught to carry out the missions that the constitution assigns to them but also to love and respect the constitution, for example."

"Military officers," the undersecretary concludes, "do not just operate complex weapons systems; they handle people too. They are leaders of soldiers, and this is why it is important for them to have intensive and high-quality humanistic training. This is what we're going to emphasize the most."

Consequently, in the face of the somewhat uncoordinated instruction in humanistic subjects that the three General Academies of the Armed Forces have been imparting, the Defense Ministry has drawn up a common program that will be taught to army officers in Zaragoza, navy officers in Marin and air force officers in San Javier. Practically speaking, at least 17 percent of the new

program of study will be in the humanities, which means additional hours in such subjects.

There are four main areas in the common program for the academies: law (international, the laws of war, procedural, criminal, constitutional, administrative and labor); command (pedagogy, psychology, sociology, command methodology, methods of expression); sociopolitical sciences (geopolitics, geostrategy, theaters of operations, theory of government, political and economic theory) and ethics. Subjects such as history and geography are not part of the program and are taught in other areas.

"Many of these subjects are already being taught," a ranking officer told CAMBIO 16, "and they always have been, in fact, but most of the course material is obsolete, and this has to be changed." Here are two examples. The navy manual says things like: "We Spaniards have come into the world to do more than eat and sleep. We are here to teach and illuminate the world with the light of truth, which is the truth of God...Spain has fought and will fight so that there are more Catholics and more honorable men in the world."

And here are the reasons for the Spanish Civil War: "Attacks on freedom and property. Arson, plunder, murder. Attacks on the sacred concept of the fatherland, regional separatism, the dismembering of the army, brazen attacks on religion, economic chaos, immorality, the establishment of communism in Spain...War became necessary. The very existence of Spain was at stake, because our enemies (the Masons, the Marxists) cannot tolerate our country's faith, bravery and spirit of independence..."

These are the sort of texts that the Defense Ministry wants out. "History and social phenomena such as terrorism and drugs must be explained objectively, scientifically," the ministry says.

The faculty, the backbone of any school system, is also going to be brought up to date. The administration wants the majority of the professors teaching at the academies to be university-degree holders in addition to military officers. The outlook is not very promising at present. In Zaragoza, only 69 of some 300 professors are university graduates (about 20 percent); in San Javier, 16 of 100 have college degrees, and 22 of the 100 teachers in Marin have degrees. "It should be noted, however," remarked a high-level officer, "that even if the professors do not have degrees, they are specialists in their area, which is important."

The Socialists also want to hire more civilian teachers for their military centers; the problem here is money, though. At the moment, there are 24 civilians teaching at the three academies: 7 in Zaragoza, 12 in Marin and 5 in San Javier. The military tries to make up for this inadequate number with joint seminars and conferences with universities.

All of these plans to enhance and update military training will not begin to roll until 1987. Thus, the technically skilled, bilingual, charismatic, cultured, open-minded and receptive model officer with leadership qualities will not be coming out of the academies until 1992. "Let it be known that we

are very satisfied with the current commanding officers, but we have to improve," the Defense Ministry notes.

And while attempts are made to put all of these innovations into practice, Prince Felipe is having little trouble assimilating what he is being taught. "He's more intelligent than his father," a knowledgeable officer ventures to comment in private. To complement his training, the heir to the throne is taking extra classes in his "cabin" during his free time in an attempt to become a good soldier and a good humanist.

8743

CSO: 3548/21

MILITARY

SWEDEN

#### HARMFUL RESULTS FOR NAVY FROM 1958 DEFENSE DECISION

Stockholm DAGENS NYHETER in Swedish 13 Nov 85 p 8

[Article by Olof Bergman]

[Text] The 1958 Defense Act was a catastrophe for the navy. Resources were cut by 20 percent. Three shipbuilding orders were cancelled. This meant that 50 million kronor had to be spent for cancellation costs.

"The navy is still feeling the effects of the 1958 Defense Act," said the former chief of the navy, now retired, Admiral Per Rudberg. In the mid-1950's he helped prepare "Navy Plans '60," which contained new strategic thinking as far as Sweden was concerned.

"The weapons arsenal on board is the main factor that determines the appearance of a navy vessel," Per Rudberg stressed. "In the past, cannons were the dominant weapons used to sink hostile ships which were armor-plated for protection. This called for large-caliber weapons and stable platforms, which affected the appearance of the ships. Therefore most fleets had armored ships and cruisers that were heavily armed."

At the end of World War II, however, the navy realized that missiles and torpedoes were the weapons of the future. These could be handled by and fired from much smaller and lighter units.

The Swedish fleet was the first in the West to try out what were then known as "air torpedoes." These were the 08 missiles with which the destroyers "Halland" and "Smaland," among others, were equipped. From the navy's point of view it was not desirable to have large units or to have all its forces gathered "in one basket."

The starting point for "Navy Plans '60" was that the navy would stress a large number of smaller units equipped with the most up-to-date weapons possible. These would be supplemented with special units specifically designed for hunting submarines when the large-scale destroyers of the "Halland" type disappeared.

## Not Suitable

What the 1958 Defense Act meant as far as the navy was concerned, to use Rudberg's words, was that it got fewer small vessels instead of a larger number of small craft. These were not suitable for carrying sub-hunting weapons and funding for the so-called corvettes was never approved.

"The prevailing attitude at the time among those in charge of appropriations was that there was no reason to concentrate on hunting submarines," said Rudberg. Despite the warnings issued by top-level navy leaders, there were practically no resources in the form of new equipment to protect the Swedish coast from submarines.

This negative attitude in official circles also discouraged industry from developing products for sub-hunting purposes. This part of defense preparedness was also neglected as far as research was concerned. In the 1960's and 1970's the navy really had no resources with which to train people in hunting submarines, since there was almost no equipment. It was really only on the destroyers "Halland" and "Smaland" that there were opportunities to effectively carry out what is known as sub-hunting defense.

## Violations

There were also violations by foreign submarines in the 1960's and 1970's, but they did not have the aggressive and major form that submarine violations assumed in the 1980's. It was really only in outer territorial waters that violations were observed. As far as we know there was no reconnaissance in toward the Swedish coast with the help of minisubs back then either.

In the 1980's, when the arresting major submarine violations were reported, Admiral Rudberg was chief of the navy. His job was to try to organize a sub-hunting defense with the resources that were available. "One cannot make up for 20 years of neglect during a coffee break," he said laconically. The navy lacked the latest technical devices to help in locating submarines and it also lacked the most effective weapons to use against them.

After the sub hunt in Harsfjarden the government gave the navy permission on 22 October 1982 to use depth charges and torpedoes to inactivate submarines within restricted military areas. The directive regulating the right of the armed forces to step in against submarines violating Swedish territorial waters contains these words:

"Foreign submarines found submerged in Swedish territorial waters will be ejected. If necessary armed force will be used. As far as possible the amount of force used should be aimed at forcing the submarine to come to the surface."

In case of a grave violation the government can order the sinking of the foreign sub. Depth charges would then be dropped in a large area or target-seeking antisub torpedoes might be used.



With regard to the naval officers who are now attacking the government for its attitude toward sub hunts, Admiral Rudberg said that people are probably not entirely in the picture about what is being done. Training in the navy has been changed radically in order to meet the new threat. Units are out searching for submarines 24 hours a day all year long.

"The navy's resources are still obviously inadequate when it comes to effectively combating submarine violations," said Admiral Per Rudberg. "People in the navy are now hoping that the 1987 Defense Act will give the navy the weapons it needs with regard to corvettes, devices to help locate submarines and personnel training. The officers who have come forward now may have felt that their work, which involves both pressure and sacrifice, has not received adequate recognition at higher levels.

#### Good Equipment

"The present situation can be characterized by saying that the navy has 'too little of everything but that its equipment is pretty good,'" said Admiral Rudberg. "Sweden's security policy goal of being able to remain neutral can only be achieved through real reinforcements in the area of sub-hunting defense. But, as noted earlier, we are talking about guarding a coastline measuring 2,700 kilometers."

6578

CSO: 3650/68

MILITARY

SWEDEN

#### PAPER CALLS FOR CLARIFICATION ON U-BOAT DEFENSE

Stockholm DAGENS NYHETER in Swedish 14 Nov 85 p 2

[Editorial: "Questions Concerning the Navy"]

[Text] A well-balanced defense of our territory in peacetime is a central element in Sweden's security policy. Here we must be able to distinguish between major and minor issues.

A number of navy officers have raised questions about Sweden's defense and its policy with regard to foreign powers. Understandably enough their criticism of the government, especially of the prime minister, has attracted the most attention. This fact tends to distract our attention from important matters.

It is politically important that the officers' criticism of the government's handling of the issue of foreign underwater activity in Swedish waters has not been supported by any party. Monday's meeting of the Foreign Policy Board showed that no one in the opposition is prepared to accuse the prime minister of toning down the problem.

After establishing the fact that there is agreement on the policy that has been pursued, Olof Palme created dissension anyway by sharply attacking the navy officers involved. Words like "irrelevant," "inappropriate" and "lacking in judgment" told us more about the prime minister's habit of working himself up than about his abilities as a statesman.

It was wrong of Palme to first talk about nonpartisan unity and then lash out in a way that he knew the others would be unable to unanimously support. This kind of thing undermines the confidence that is needed in inter-party relations. As could have been predicted, Conservative spokesmen hastened to reject Palme's words about the officers. And as might also have been expected they took pains to criticize the successful Liberal Party leader for also having questioned the officers' judgment.

But Palme's remarks did not involve an attack on the freedom of speech of military personnel. The officers appear to be fully capable of replying, although a group of former company and platoon officers has now come to the defense of the military leadership and the government.

Even if the criticism overshot the mark, Olof Palme must realize that he and his government have shown only perfunctory interest in the submarine outcry and the reports from OB [Supreme Commander of the Armed Forces]. Money has been provided to regain lost military capabilities. But Palme has been unwilling to do more personally. It would certainly have had psychological value at home and abroad if for example the prime minister had turned up "in the field" and had gained first-hand experience at sea of the practical realities of incident preparedness.

The time should also be ripe for paying more attention to other matters that have come up in the debate. The chief of the navy mentioned our current strict rules governing intervention against intruders and talked specifically about delegating decisions about the use of weapons to the commanding officer on the spot. Whereupon Palme apparently contradicted the chief of the navy by saying how quickly he himself could order the use of effective firepower if necessary. That would require a decision by the prime minister.

How far will the resources go? A debatable starting point is the statement by the chief of the coastal fleet that our naval forces cannot protect the northern and western coasts at all. This remark comes from an admiral who is demanding substantial reinforcements in order to give the fleet a deterrent capability. Here, in other words, is powerful support from a prestigious source for the protesting navy captains and lieutenants.

However in principle we could put all the current defense funds into submarine defense without providing any guarantees against intrusion. That would be unreasonable. In view of other defense needs Sweden will have to settle for a much more modest submarine defense, which of course is painful for those who have to carry out the job.

According to the former head of the navy the critical officers are not well-informed about what is really being done! It is true that Admiral Schuback is now traveling around and talking to units, but the information situation cannot be that bad! And better information will not offset weaknesses in the area of submarine defense.

Both cabinet members and high-ranking officers like to talk about our steadily increasing capability. But the general public should never be filled with expectations that the experts do not share. Here a fairly open discussion is needed of how limited Sweden's ability to carry out a true submarine hunt in the international sense really is.

The prime minister is planning to make a speech on security policy. It would be a good idea if he also cleared up the uncertainties and contradictions about Swedish submarine defense.

6578

CSO: 3650/68

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

# IFO INSTITUTE REPORTS INCREASED INVESTMENTS, PRODUCTION

Munich SUEDEUTSCHE ZEITUNG in German 9 Sep 85 p 15

[Article: "130,000 More Jobholders Expected Next Year: IFO Institute Expects Higher Investments than Anticipated and Increased Production for 1985-86"]

[Text] With an anticipated growth in production , German industry will employ some 130,000 more workers in the coming year than it did in 1984. This figure is based on a questionnaire conducted by the IFO Institute in Munich, which asked questions concerning sales, employment and investment plans for 1985/86, and in which 379 business, primarily large companies, participated. After employment dropped last year by about one percent, the Institute expects a plus of the same magnitude for the current year and an increase next year of 0.3 percent.

To be sure, demand from foreign buyers will remain in 1986, as it is in the current year, the most important pillar of economic activity, but in the meantime the "investment motor" has also started up at home, according to the IFO report, and it "will continue to run at least within the time period encompassed by the forecast." In the current year a nominal 18 percent increase in investments (15 percent in real terms) is planned over 1984, and on the basis of present planning, an additional 7 percent is predicted for 1986. According to IFO estimates, investments in processing industries may actually increase by c. 10 percent in 1986.

From the "Prognosis 2000," which given in July for the 30th time since 1970, it was shown that production expectations and investment plans in industry were revised upwards as compared with the last survey taken in January 1985.

Production is expected to increase this year by 5 percent. Expectations for 1986 foresee an increase of just about 3 percent, but as compared with the results of January 1985, this is a positive revision of at least one whole percentage point. In the experience of the Institute, the intensity of an upswing is usually underestimated by the business enterprises, so that actually a steeper rise in industrial production can be predicted for 1986.

## Eight Percent Higher Turnover

The companies surveyed in the July questionnaire also revised upwardly their expected turnover for 1985 as compared with January's figures. On the average, an increase of 7 percent (previously 5 percent) is expected in

domestic sales, and 11 percent (previously 8 percent) in foreign trade. According to these figures, industrial sales can be expected to increase overall by 8 percent. For 1986, it is expected that increases will amount to c. 5 percent overall, broken down into 6 percent in foreign sales and c. 5 percent in domestic sales. According to the IFO, the economic picture for consumer goods still appears relatively weak on the whole because of stagnating real incomes, and the branches which depend on the construction industry are still characterized by sluggish economic activity. Developments in the areas of electronics and machine construction, however, are especially positive, according to the report.

#### Poehl Is Hopeful

Karl Otto Poehl, president of the Deutsche Bundesbank, also expressed himself in optimistic terms with regard to reducing the high unemployment rate in the FRG. In last Saturday's edition of Bild-Zeitung he stated that the "good economic picture" was now beginning to impact on the labor market. He considers it possible, he said, that by 1990, in some sectors of the economy, every worker who seeks employment will be able to find a job. Even now, short time has been reduced to the lowest levels in five years. It is also to be expected that the rate of price increases will drop below two percent. This is due, in his view, to a decline in import prices, to moderate wage agreements, but also to "the low interest rates and the solid budgetary policies of the government." The head of the Bundesbank also spoke in support of additional forms of tax relief. He pointed out that interest rates had "reached a remarkably low level." Poehl: "Anyone who needs credit at the present time should take advantage of the current favorable situation."

12792

CS0:3620/31



ECONOMIC

GREECE

## SIGNIFICANT EEC LOAN TO STABILIZE ECONOMY

Athens I KATHIMERINI in Greek 19 Nov 85 p 1

[Excerpts from an article by Brussels correspondents N. Nikolaou and K. Keki: "\$1.5 Billion EEC Loan in Two Instalments"]

[Text] Brussels - Greece has secured satisfactory financial aid from the EEC through a resolution of the Council of Ministers of the Economy, which yesterday approved the granting to our country of a loan of 1,750 ELM [European Currency Units], that is, about \$1.5 million [as published] or 227.5 billion drachmas.

This loan will enable Greece to face some of the next two years' pressing foreign exchange problems related to paying instalments and interest rates on past loans. At the same time, this allocation will reinforce the nation's capacity to obtain credits, thus helping it to obtain from foreign trade banks the other loans it needs to cover the deficit in its balance of payments.

This loan, which is the practical expression of the community's solidarity with a nation faced with serious problems in its foreign transactions and imbalances in its economy, was linked, as was natural, to the Greek side's commitment to continue for as long as necessary the strict economic policy announced by the government on 11 October with a view to restore a healthier economy. A similar connection was made formerly in the case of loans granted by the Community to France, Italy and Ireland.

### The Approval

An agreement was reached after many hours of tough negotiations in the Council of Ministers of the Economy, during which numerous member-countries brought out into the open the issue of Greece's inconsistency in fulfilling its contractual obligations as a member-country, and they also censured its reaction to the unification of Europe as well as the erroneous economic policies which led to today's impasses. These criticisms were also the reason for the Council's initial reluctance to approve a loan of more than 1 billion ELM.

In the end, however, the principle of community solidarity with a member-country faced with serious economic problems and in need of help to recover economically and be in a position to participate in the Community on an equal footing prevailed.

However, the stance of the Greek minister of the national economy, Mr. K. Simitis, contributed decisively to the successful outcome, as in his negotiating tactics he stuck to the community line, was conciliatory and did not hesitate to admit frankly the delays for which Greece is blamed with regard to fulfilling its contractual obligations. The Greek member of the council, Mr Gr. Varfis also played a substantial part in the shaping of a favorable recommendation by the Commission to the Council.

The loan will be issued in two equal instalments, the first of which will be given out as soon as the Commission collects this loan from the foreign banks, that is in about one month, and the second a year after the first one is paid out but no sooner than 1 Jan 87. The time limit of the loan will be about 6 years and its conditions more favorable than any Greece might have obtained on its own on the international market.

It was also agreed--and this may be the most significant point--that the Commission will supervise the course of the Greek economy, make its evaluations and advise the Council on eventual modifications as regards the targets of the program to stabilize the Greek economy.

According to the Commission, those targets are:

1. Inflation must have come down to 15% by the end of 1986 and to 10% at the end of 1987.
2. Wages and salaries must evolve in proportion to inflation.
3. The deficit of the national budget, being proportional to the AEP [GNP], must come down to 13% in 1986 and to 9% in 1987.
4. Financing of the economy must increase by 17% in 1986 and 13% in 1987.
5. The deficit in the balance of payments must decrease to the point where the nation's foreign debt is stabilized around 1988.

#### Obligations

In order to grant a loan to the Greek government, the Council of Ministers previously approved the following regarding the matter of granting an extension to Greece for the fulfillment of its contractual obligations towards the EEC--an issue about which some of the members had reservations.

1. For the value added tax: a 12-month extension is granted by agreement, but with the obligation for Greece to implement it in full in 1 Jan 1987.
2. With regard to freeing the petroleum products market, The Council of Ministers rejected Greece's petition for an extension of the time limit set for the implementation of this obligation. The Council of Ministers asked

Greece to submit to the Commission as soon as possible its views about the immediate freeing of the petroleum products market. If the Commission is not satisfied it will resort to the European Court of Justice.

3. For the subvention of exports, the Council of Ministers agreed to grant a 12-month extension, that is, until 31 Dec 1988.

12278

CSO: 3521/43

ECONOMIC

GREECE

LARGE INCREASE NOTED IN CURRENT ACCOUNTS DEFICIT

Athens I KATHIMERINI in Greek 23 Nov 85 p 7

[Text] The data published yesterday by the Bank of Greece on the balance of payments for the 9-month period from January to September, which show a rapid deterioration, constitute perhaps the most undeniable proof of the need for and the urgent character of the measures to stabilize the economy announced by the government on 11 October. The deficit in the balance of current accounts for the 9-month period has reached \$2,432 million versus \$1,427 during the same period last year, that is, it increased by \$1 billion approximately or by 70%. This rapid deterioration points to the possibility of the minister of the national economy Mr. K. Simitis' pessimistic forecast of an annual deficit of \$3 billion being exceeded.

The increase in the deficit stemmed from the increase in imports, the drop in exports and the decrease of foreign exchange from the merchant marine and emigrants, the increase in the expenditure for interest rate payments, etc.

More analytically, and according to Bank of Greece data, the size of the balance of payments in the nine-month period from January to September for the last three years evolved as follows, in millions of dollars:

---

	<u>1983</u>	<u>1984</u>	<u>1985</u>
Imports	6967	7194	7881
Exports	<u>3013</u>	<u>3286</u>	<u>3126</u>
Trade Balance	<u>-3954</u>	<u>-3908</u>	<u>-4755</u>
Invisible Receipts	4088	4000	3937
Invisible Payments	<u>1512</u>	<u>1519</u>	<u>1614</u>
Balance of Invisibles	2576	2481	2323
Balance on Current Accounts	1378	1427	2432
Movement of Capital	1609	1812	2394

---

From the above data it can be inferred that:

1. Imports have begun to rise, and this time the rise is due not only to increased expenses for importing fuels but chiefly for the importation of other goods. Indeed, the steady loss of competitiveness of Greek products facilitates the importation of similar kinds of goods from abroad while it leads, simultaneously, to the shrinking of exports.

2. Foreign exchange from tourism reached during the 9-month period this year \$1,150 million versus \$1,047, that is, it showed a 9.8% increase which is much lower than the rise in the number of tourists, which implies an extensive leakage of foreign currency.

3. Interest rate expenditure has reached \$868 million versus \$763 last year.

4. The foreign debt has reached \$1,576 versus \$1,081, that is, it rose by over 50%.

12278

CSO: 3521/32



ECONOMIC

GREECE

#### DETAILS ON 1986 GOVERNMENT INVESTMENT PROGRAM

Athens I KATHIMERINI in Greek 20 Nov 85 p 9

[Text] The Public Investments Program (PDE), which amounts to a total of 318 billion drachmas versus the 274.4 billion drachmas allotted in 1985, has been increased by 15.8% for 1986. As the related circular sent by the Ministry of the National Economy to relevant agencies also mentions, 240 billion drachmas out of this amount will be allocated to public works by the ministry and 71 billion drachmas by the prefectures. The amount of 7 billion drachmas will be set aside as a reserve for emergencies. According to the government, the PDE's chief characteristic is that "it promotes social aims, that is, it puts the emphasis on carrying out works of a social infrastructure."

The deputy minister of the national economy, Mr. Roumeliotis, presented the aims and particulars of the 1986 PDE, and he pointed out also that the PDE's developmental character stems from the emphasis that was put on promoting selected investment plans in strategic areas of production, on creating basic infrastructure works such as roads, ports, airports, industrial areas, and on works for regional improvement.

Mr. Roumeliotis stressed that with the 1986 PDE, efforts to create new positions for specific groups of the population and for regions of the nation which present acute unemployment problems were significantly intensified.

Also, in connection with the balance of payments, the 1986 PDE will contribute positively to its final aspect, by making use of all the available sources of foreign financing, thus drawing on additional financing resources.

It is noted that the prospect of drawing on additional resources from the funds of the European Community and the European Investments Bank acquires a particular significance within the framework of the Mediterranean Integral Programs' implementation

As regards the distribution of credits according to sectors, Mr. Roumeliotis said that this had been done on the basis of the targets and priorities of the development policy aimed at stabilizing the Greek economy. From the data it appears that expenditures for works and projects have increased by 21.2% (from 86.6% in 1985 to 90.2%), while annuities and administrative expenses decreased by 17.8% (from 13.7% in 1985 to 9.8% in 1986).

The largest proportional increases in expenditure (49.3% [as published] billions in 1986 versus 19 billions in 1985) show up in the sectors of industry, energy, handicrafts and include the credits needed (approximately 29 billion drachmas) for financing the reorganization program of enterprises in trouble.

#### Education, Health

The expenditures slated for education, health and welfare show a 25% increase versus 1985 payments. More analytically, 23 billions (versus 18.4 in 1985) have been earmarked for education and 14 billion (versus 11.2 in 1985) for health and welfare.

3.5 billion will be allocated to the agricultural sector (versus 3 billion in 1985), that is, payment limits show an increase of 16.7% versus the previous year's payments. This increase is viewed as very satisfactory when one takes into account the equally significant increase (36.5%) in the 1985 payments.

This same remark applies also to regional improvement works (15 billions in 1986 versus 13.9 billions in 1985), since the total increase in payments for the period between 1984 and 1986 will reach approximately 70%.

In the sectors of forestry and fishing, the development of the limit of payments for 1986 (6.5 billion for 1986 versus 8.6 billion in 1985) is deemed adequate to comfortably finance directly productive investments (wood industries) and forest protection works. The decrease in the credits planned is due solely to a 2 billion increase in the payments of this year's program over the initial limit set on payments, in order to meet urgent needs.

#### Transportation Works

A 9.4 increase versus the 1985 payments is foreseen for the execution of transportation works. This increase is viewed as very satisfactory particularly so, in fact, after the significant increase in payments (43.3%) of the previous year. Payment limits for 1986 have been set at 32 billions (versus 29.2 billions in 1985).

The PED's planned contribution for 1986 to the financing of the railways investment program (4 billions in 1986 versus 4.5 billions in 1985) constitutes an exception, presenting an 11.1% decrease versus the 1985 program. This decision rests on the fact that those investments are directly subsidized by the EEC's regional fund and that an increase in financing through loans is also being planned at the same time.

In the sector of tourism, museums, monuments, for which a total amount of 4.5 billions has been set aside, there will be a small decrease in expenditures with a distinct differentiation between separate items. Expenditures for tourism infrastructures are expected to rise by 30%, reaching the level of 2.3 billions, while expenditures for digs and the building of museums and monuments decrease by approximately 13%.

Small increases are foreseen in the sectors of irrigation-drainage (8.4 billions in 1986 versus 7.8 billions in 1985) but it is estimated that they

are sufficient for the smooth continuation of the works in progress. 7.2 billions will be assigned to the sector of research and technology (versus 6.8 billions in 1985).

For the sector of special works, 8.8 billions will be set aside (versus 8.3 billions in 1985).

#### Works in Prefectures

The financing of prefecture works remains at about the same level (71 billions) with payments planned to be completed by the end of 1985 (71.3 billions), though the initial limit on payments for the 1985 prefectures' program had been set at 64 billion drachmas. It is also noted that in the last 3 years expenditures for prefecture programs showed spectacular increases, with the result that local needs for basic infrastructure works were largely met.

In the miscellaneous sector, the limit of payments stays at approximately the same levels as for 1985 payments (52.5 billions in 1986 versus 52.8 billions in 1985). But some significant differentiation will be noted in the various items. Specifically, in the 1986 PDE a significant decrease of expenditures for the payment of annuities (of about 3 billions) and for the building of stadiums (of about 2 billions) is foreseen.

On the other hand, 6 billions have been slated for the continuation of the special program to fight unemployment, 3 billions for initiating the implementation of the ESPA (National Unemployment Protection System) and 1 billion for the financing of the "Akheloos" program.

Finally, within the framework of the Ministry of the National Economy policy to improve the PDE, the limit of payments for administrative expenditures is drastically reduced (3.1 billions in 1986 versus 6.2 billions in 1985), and this is due to the transfer of those payments to the Regular Budget as a result of the part-time personnel of some services being made permanent.

12278

CSO: 3521/43

ECONOMIC

GREECE

#### DISAPPOINTING PROSPECTS FROM REDUCED TOURIST INCOME

Athens I KATHIMERINI in Greek 28 Nov 85 pp 1-2

/Excerpts/ Subject of the day before yesterday's discussion between the prime minister and Mr P. Lazaridis, the new secretary general of the EOT /Greek Tourist Organization/, was the immediate and long-range issues having to do with tourism.

As was made known, tourist businessmen have requested various ministers to speed up as much as possible formal procedures to ensure that the new secretary general might immediately assume his duties. They maintain that "the luxury of a loss of time" does not exist when various issues are pending, primarily relations with foreign tourist organizations, prices and promotion programs.

According to all existing information, tourism from the United States in 1986 will be appreciably less compared to 1985. We will consider it a success --tourist businessmen stress-- if next year the Americans that will visit our country will number more than 150,000. As is already known, 600,000 Americans (they represent 8 percent of the total) came to Greece, while the foreign currency they brought in represented 17 percent of the overall tourist foreign exchange. In other words, this means that the American is the most productive "supplier" for the "source" of tourist foreign exchange. According to these same circles, this disastrous drop is on the one hand "an aftereffect" of President Reagan's "embargo" and on the other hand the result of a series of events (the AchilleLauro) that had an effect on American tourist plans in Greece and generally-speaking in the eastern Mediterranean.

Chief among such events was undoubtedly the bloody air piracy involving the Egyptian Boeing aircraft and also the bloody explosion involving police officers in Athens.

Indicative of this situation, it is reported that a tourist office in Athens, that is engaged in primarily attracting American tourists, had a business turnover of 400 million drachmas in 1985 while it is not expected to go above 150 million drachmas in 1986.

Another indication of concern is the fact that cruise ship companies, following receipt of discouraging messages from associates in the United States, are facing the possibility of having to exclude Egypt and Israel from their schedules and itineraries. Other companies have already begun negotiations to charter their vessels to large tourist organizations in Europe that will have the facility to direct them to areas that serve their own interests. This comes at a time when efforts are being undertaken by Greek shipowners to upgrade their fleets either

through construction of new modern cruise ships or through major and radical renovation of others.

These same sources relate that in orienting their cruises toward the Aegean, American tourist organizations have the Istanbul airport as their point of departure, thus bypassing Athens as an arrival and departure point.

We have at our disposal a string of telegrams with cancellations of trips to Greece by large groups of American tourists and conventions for all of 1986. This has special significance if we take into consideration the fact that following the devaluation and slippage of the drachma, Greece has become an even cheaper place and, of course, of more interest to tourist businessmen.

5671

CSO: 3521/50



ECONOMIC

SPAIN

# GOVERNMENT INCREASES FAMILY DEDUCTIONS IN INCOME TAX REFORM

Madrid 5 DIAS in Spanish 22 Sep 85 p 10

[Text] Madrid--The Council of Ministers yesterday approved the income tax reform bill and the General State Budgets for 1986; the legislation will be sent to the Cortes next Monday. The first bill raises the family income tax deductions, a measure that had not been announced previously. The other bill calls for a real reduction of 12 percent in the allocations to the ministries, so that social spending and private investment can be boosted without raising taxes by more than 0.7 percent.

When reporting these agreements to the press, Minister of Economy and Finance Carlos Solchaga reiterated that the income tax reforms that benefit taxpayers--he cited the lower rate and the new tax treatment of married couples--will be retroactive to all of this year. In addition to announcing the aforementioned increase in deductions (from 20,000 to 21,000 pesetas per couple, from 15,000 to 16,000 pesetas per child, and from 38,000 to 40,000 pesetas per blind or handicapped person), which is a new element not included in the reform he announced 2 weeks ago, he stated that 15 articles of the law will be changed.

The minister still declined to comment on when the remaining income tax reforms will take effect, although he added "not all at the same time." He implied by omission that those which hurt taxpayers (limitation on general deductions, capital losses and gains, and investment and real estate capital) will take effect in 1986. "The bill," he stated, "is undergoing finishing touches. That will be known when it is introduced in the Cortes."

Regarding the bill for the budgets, the minister declined to reveal any specifics, so that next Monday the Cortes will get "fresh" information. He did specify, however, that the larger figures (EL PAIS 9/19/85) had been outlined by the Council of Ministers last week, and now only "a few billion pesetas" worth of changes have been made. He explained that the delay of formal approval of the budgets until yesterday was not caused by "tensions" among the ministers. He thanked them for their "cooperation in hammering out budgets as difficult" as the 1986 ones were. After indicating that assertions to the contrary are nonsense, he attributed the delay to the fact that last Wednesday the committees that handle transfers between the central

administration and the autonomous administrations had not yet finished their work.

The only figures Carlos Solchaga did provide yesterday seemed to be aimed at illustrating his three points: The budgets are marked by "tremendous austerity" and "tremendous solidarity," and are "difficult to compare with previous years." Sources at the Ministry of Economy and Finance, however, have confirmed the accuracy of the figures provided by this newspaper, although they insisted that comparisons with 1985 must be viewed with caution, as explained by the minister. The ministry-by-ministry comparisons are still distorted by the transfers to the autonomies, and by three new factors: the incorporation of the accounts of recently eliminated autonomous agencies into some ministries; the payment to the state of 250 billion pesetas collected by other administrations by means of the value-added tax, an amount which will be paid back to them through increased transfers; and finally, the drafting of a budget that will be annexed to the state budget for the revenues and outlays derived from membership in the European Economic Community (EEC).

According to Solchaga, if the increase of more than 200 billion pesetas in the state contribution to Social Security is excluded, the consolidated spending of the ministries will decline by 1 percent below their 1985 allocations. In real terms (in other words, in comparison with how much economic activity will pick up in 1986 pesetas), the decline will amount to 12 percent, because the gross domestic product (GDP) will climb to 32 trillion pesetas, 11 percent more than what is projected for 1985.

#### Annual Inflation

The minister described as "erroneous" the statement by the acting government spokesman that real objective economic growth will total 3 percent in 1986. "The government has never expected the GDP to exceed 2.5 percent," contended Solchaga, forgetting that in the budget scenarios outlined by his predecessor the target for each of the following years was set at 3.5 percent. The price index is expected to rise by 8 percent in December, although average annual inflation has been pegged at 8.5 percent.

After presenting this macroeconomic picture, the government proposed to expand credit to the private sector "by more than 8.5 percent," for which purpose it agreed to limit the public deficit to a maximum of 4.5 percent of the GDP and to extend austerity standards to the rest of the public administrations. Thus, the government will limit to 1.45 trillion pesetas its demand for financial resources in the economy, leaving a broader margin for the private sector so that it can consolidate the recovery begun in the middle of this year. "The budgets will not really create many jobs. It is a question of a possible internal economic recovery that should not be hindered," was Solchaga's evasive answer to a question about employment.

In response to criticism from the labor unions, the Spanish Confederation of Business Organizations (CEOE), the autonomies and the city governments, the minister declared that "their dissatisfaction with the budget is almost a sine qua non for solidarity." Although he stated that the figures have hardly changed at all since the meetings with the General Union of Workers (UGT) and

the CEOE, he conceded that the government did decide last week to increase the civil servants' pay raise from 6.5 to 7.2 percent.

He explained that between this 7.2 percent and the lower Individual Income Tax (IRPF) rate, government employees who earn between 700,000 and 800,000 pesetas per year will see their income rise by 13 percent. Similarly, more than 400,000 pensioners receiving less than 500,000 pesetas will no longer be subject to taxation, and those who receive between 500,000 and 1 million pesetas (40 to 45 percent of the total) will enjoy incomes higher than the 8 percent projected for all pensions.

8926

CSO: 8148/0198

ECONOMIC

SPAIN

IRPF: TAX REFORM WILL COST 150 BILLION PESETAS

Madrid 5 DIAS in Spanish 13 Sep 85 pp 1, 4

[Text] The reduction of the tax rate and the new treatment given the family unit under the Individual Income Tax (IRPF) will affect the amount of revenue generated this year, and will apply to the next tax return. As a whole, the IRPF reform measures approved by the Council of Ministers last Wednesday will entail a cost of 150 billion pesetas to the Treasury. According to Minister Solchaga, this sum will be offset by an "enormously austere" spending budget.

The new tax rate will soften the tax bite for 99.86 percent of taxpayers. Its main purpose is to redistribute the fiscal burden more equitably. It cuts the average rate significantly for those whose taxable income is 1.2 million pesetas or less, which includes 65.6 percent of all taxpayers. Above that level, the reduction from the current rate amounts to 0.5 percent up to a taxable income of 8.6 million pesetas. Above that bracket, the new rate gradually converges with the present rate. Anyone earning more than 10 million pesetas will pay the same tax as now.

With regard to the new treatment accorded the family unit, the government has rejected the two traditional methods of separation and quotients to compensate for the progressiveness of the tax. Although in the beginning it appeared that the variable deduction would be abandoned as an alternative, the Finance Ministry has now opted for that method, which is calculated on the basis of the total taxable income and the composition of that income, up to a maximum deduction of 300,000 pesetas.

At the same time, in the new tax system governing the family unit, two existing elements are maintained. The first is the multiplier coefficient for families with more than one wage-earner, under which the standard deduction is multiplied by a coefficient of 1.5 and by the number of wage-earners. The second element is the 1 percent deduction for employment, applicable to the second income from employment in a family unit, with a ceiling of 10,000 pesetas.

In addition to these two major reforms, the government has approved various other changes that will not necessarily take effect before the next tax returns are due, stated Solchaga.

**Deductible Expenses:** The minister explained that the net yield from employment will be determined by subtracting from gross income only the Social Security contributions and the public assistance or mandatory mutual benefit payments, and the fixed 2 percent of income that includes all other spending. The measure will not involve any increase in revenues, and will not have any adverse effect on most taxpayers. Rather, it is aimed at simplifying the income declaration, a move which will benefit the 80 percent of taxpayers whose income derives from work as an employee. The Administration may also allocate more funds for management and auditing.

**Real Estate:** With regard to income, the idea is to treat all non-rental urban real estate the same, considering as income 3 percent of the assessed value of all such property. At present, this 3 percent applies only to dwellings directly used by their owners.

As for expenses, the maximum deduction cannot exceed 800,000 pesetas. The interest deduction on expenses related to the primary residence and other dwellings is allowed when loans have been taken out for the purchase of such property. The current system of deductible expenses is maintained for rented and subleased dwellings, and interest may also be deducted.

This measure affects only 7,500 taxpayers out of a total of 7 million. The Finance Ministry believes that it serves a social function in that it does not harm lower-middle-income taxpayers.

**Investment Capital:** The reform measure that has been applied stipulates that only the management and custody expenses that produce these yields are deductible. As for the remaining expenses, only the interest on loans invested in this kind of asset may be deducted, and only up to a maximum of 100,000 pesetas. This measure affects 8,800 taxpayers.

**Capital Gains and Losses:** Losses of assets will be compensated only by gains in assets. If the losses in a given tax year cannot be absorbed by the gains, the balance may be offset in the following 4 years by applying them to possible future gains.

In 1983 such losses totaled 124 billion pesetas, compared to gains of 42 billion. This measure has a major impact on revenues, considering that one of the main reasons for tax refunds exceeding 1 million pesetas in 1983 was capital losses. Nevertheless, only 1.66 percent of all taxpayers will be affected, of which 9 percent (10,000 taxpayers), in turn, generate 40 percent of the losses.

Solchaga stated the government's intention of closing any tax loopholes that might encourage the conversion of other yields into capital gains or losses. In the minister's opinion, "people in this country are extraordinarily imaginative when it comes to getting around tax laws."

**Elimination of Voluntary Tax Reporting:** Solchaga indicated that this system has become a perfect screen from taxes, since it has been used as a tax evasion scheme. Indeed, 204 taxpayers received IRPF refunds of more than 1



million pesetas because of this mechanism; tax returns showing more than 100 million pesetas in income also show zero tax owing for this very reason.

The original purpose of the voluntary tax reporting system was to prevent double taxation. The Ministry now understands that there is another way to achieve that goal, the 10 percent deduction of payments on the IRPF. Experience has shown that the system in question has been used to transfer personal expenses to a corporation subject to voluntary reporting, so that they can then be counted as losses. The elimination of this mechanism is also justified because it used to allow groups of corporations to concentrate losses in the one that was subject to voluntary reporting, through simulated prices or transactions which then enabled them to save on the marginal rate. Finally, it has also facilitated the purchase of firms with fictitious assets, so that they can later be liquidated and claimed as losses on the IRPF statement. The elimination of this system will affect 46,000 taxpayers, although it will have a significant impact on only 10,000.

Measures for the Future: The minister of economy and finance announced that these are not the only measures the government is preparing. He pointed out that a royal decree will also be approved soon to develop the value-added tax (IVA) and modify the single objective estimate system. This new reform stems from the need to establish more controllable variables than the present ones when determining the income of individuals who take advantage of the EOS. Solchaga explained that from now on, this income will be calculated on the basis of the purchases made by the taxpayers to carry out the sales they declare. In his opinion, this variable is easy to clarify with the IVA.

Another measure is the tax management and auditing system that Finance has been advocating for so many months. It is structured around the strengthening of the peripheral administration of the Finance Ministry, the use of data processing techniques in tax collection, and the new tax management procedure.

Solchaga stated that this strategy has made it possible for the Finance Ministry to expand the number of offices it runs to 101; it will have 204 by 1986. In the last 3 years, 1.9 billion pesetas has been invested in data processing facilities for tax collection. As a result, 40 million to 42 million documents can now be processed, and the average collection per document processed has risen from 64,000 pesetas in 1982 to 105,000 pesetas now. He also announced that the Finance Ministry's census indicates that there are 1,712,000 taxpayers, 413,000 more than a few years ago.

All these measures, added the minister, will make it possible to spread the tax burden around more fairly by raising the contribution demanded of the top 2 percent of incomes and lowering that of the lower 50 percent.

The minister indicated that within 2 years, employment income will account for only 75-77 percent of all tax collections, as opposed to 80-83 percent now.

Solchaga stated that the goal of keeping the public deficit to 4.5 percent of the GDP was set with the IRPF reforms in mind. Those reforms will cost the Treasury 150 billion pesetas, but they will be offset by an "enormously

austere" spending budget. He asserted that the tax will correct for inflation through deductions, which will be updated each year.

With regard to the economic recovery, the minister indicated that investment and consumption look promising, although he acknowledged that there is still a lot of uncertainty that prevents a blanket assertion that the economy is recovering steadily. He denied that the peseta will edge downward in the coming months to make up for the decline in the external sector, because that would run counter to the current trend: "The government has decided to keep the peseta in line with the fluctuations that other currencies are suffering with respect to the dollar," he said.

8926

CSO: 8148/0198

ECONOMIC

SPAIN

IRPF: TAX POLICY DISCOURAGES INVESTMENTS

Madrid 5 DIAS in Spanish 14 Sep 85 pp 1, 5

[Text] The Spanish Confederation of Business Organizations (CEOE) yesterday criticized the latest reform of the Individual Income Tax (IRPF) because it dashes hopes that were raised, and discourages investment.

In a note, the CEOE points out that the new tax treatment of families has taken shape in "a formula that includes some unknown parameters which are therefore impossible to evaluate, although from the context it is apparent that the formula will have little real effect and does not respond to the solutions devised in other countries."

With regard to the second block of the reform, which deals with the treatment of real estate capital, investment capital, the elimination of the voluntary tax reporting system and the change in the treatment of capital gains and losses, the CEOE indicates that it "discourages investment."

The management association asserts that in the treatment of real estate, spending limits have been imposed that "have a major impact on investment stimuli, since the only justification is that they affect few people, and also have a particular effect on those who make investments."

These business sources add that "the announcement that as of 1986 capital gains will always be taxed in their entirety, while on the other hand capital losses cannot be deducted unless capital gains of the same amount are generated, is of singular importance."

These limitations, according to the CEOE, imply that "the sole objective of these measures is to increase revenues at all costs, with a major effect on investment and the creation of jobs."

"It is foreseeable that this change in the tax treatment of capital gains and losses," states the CEOE, "will prompt massive sales of loss-prone assets, such as stocks, bonds, securities, deeds of trust, apartments, etc., as soon as the announcement is made."

The CEOE scores the elimination of the voluntary tax reporting system as "a new attack on small and medium businesses," and expresses its concern about

the announcement of a new reform of the single objective estimate system. It notes that this is the fifth reform in 7 years, and it "creates a situation of uncertainty for all taxpayers."

**PDP: Counterreform--**The economic committee of the People's Democratic Party (PDP) calls the latest economic measures taken by the government "counterreform."

The PDP asserts in a communique that "although it does have positive aspects, as a whole the reform introduces regressive elements that to a certain extent justify calling it counterreform." Among these points are the prohibition of deductions for employees' expenses; the taxation of rented buildings by calculating income at 3 percent of their assessed value even if that is higher than the income actually received; restrictions on the deduction for capital losses; and the new tax system covering the family.

According to the PDP, the new tax system for the family does not attack the problem it was designed to solve and is not very fair, since it only favors couples with two wage-earners and discriminates against those with one member unemployed or staying at home to take care of the family.

**Liberal Party: Insufficient Measures--**The economic committee of the Liberal Party regards as positive but insufficient the measures adopted by the socialist government to reduce the tax burden on Spanish taxpayers.

Nevertheless, according to the chairman of the economic committee, Ana Yaba., the Liberal Party regrets that the reduction of the rate is so modest and benefits almost exclusively those who have taxable incomes equal to or less than 1 million pesetas. Although the fact that those who have the least benefit the most is considered very positive, the fact that the vast majority of middle-income taxpayers will receive only a 0.5 percent tax cut is regarded as a serious drawback.

In addition, the Liberal Party must regret the loss of two major opportunities:

In the first place, a great opportunity to provide fair tax treatment to couples in which both spouses are employees was lost. A home-grown method was adopted instead of adapting our standards to the prevailing ones in Europe.

Secondly, the opportunity to correct the IRPF for "bracket creep" resulting from inflation has also been lost.

In the Liberal Party's view, both the modest size of the reduction and the failure to rectify the unfair tax treatment of families, as well as the lack of attention to the effects of inflation on taxable income, are due to the public sector's needs for revenues, which have once again taken precedence over economic considerations in the decision of which measures to adopt.

**Other Reactions--**The General Union of Workers (UGT) yesterday published an evasive communique praising the government's intentions but withholding any comment on the substance of the measures until they can be studied further.

The Workers Trade Union (USO) expressed its satisfaction that the tax brackets have finally been brought in line with the growth of the consumer price index (IPC), curbing for the first time the voracious growth of tax pressure on middle and low incomes. The USO stated its hope that the government will take into consideration the urgent need to introduce a bill in Parliament to adjust the tax brackets automatically to the growth of the IPC, since otherwise people may get the impression that these measures coincide with the campaign plans for next year's elections. The USO also called for more progressive rates in the IRPF.

Miguel Roca, reformist leader and a minority deputy from Catalonia, stated to the SER network that because the modifications of the IRPF were introduced so late they are not enough: "Other, more active measures are needed," he asserted.

#### PSOE Lauds Solchaga's "Harsh" Budget

The executive board of the Spanish Socialist Workers Party (PSOE), which held a meeting yesterday chaired by Alfonso Guerra, reaffirmed the government's economic policy and expressed support for the austerity and solidarity that will characterize the 1986 budgets.

"We believe that the policy of belt-tightening and austerity in spending, which the right is so fond of advocating but so reluctant to practice, should be across the board, applied to all public administrations, the central administration and the peripheral ones," stated the leaders of the PSOE federal executive board yesterday at the conclusion of its meeting. At that meeting, Carlos Solchaga reported on the main features of the budget for next year.

Guillermo Galeote, Manuel Chaves and Francisco Fernandez Marugan revealed that only three ministries (Labor, Industry and Education) will receive budget increases next year, and that the rest, including Defense, will receive the same or less in monetary terms than in 1985.

Seen as a whole, the explanations the three Socialist leaders presented to the press constituted a very clear warning to the local and autonomous administrations of the need to keep in step with the pace of austerity set by the central administration. On this point, Marugan specified that all the autonomous governments headed by Socialists have already approved the directives issued by the Economic and Fiscal Council or will do so next week.

For Fernandez Marugan, "it is not possible to expect the central administration to pay for the deficits of other administrations all the time. They will have to strike a political bargain with their constituents to find out how far they can go into debt and how they will pay for it." Marugan reported that the debt of the autonomous communities currently amounts to substantially more than 100 billion pesetas, much of it corresponding to Catalonia. On the contrary, he declined to reveal even an approximate figure for the indebtedness of the city governments.



Regarding the reform of the IRPF, the PSOE leaders asserted at the meeting with journalists that 3.5 million taxpayers will see their income taxes decline by an average 70,000 pesetas per year. They also stated that the loss of revenues to the state, if married couples with two incomes file separate returns, would amount to 23 billion pesetas.

Economic and Social Agreement (AES): Finally, the PSOE leaders indicated that the AES should continue, and that the government is not lacking in a willingness to resolve pending issues. They did not include among those issues the modification of labor legislation on the terms called for by the CEOE, however.

"Article 17 required the formation of a commission to determine the criteria. Since no agreement could be reached, after making a comparative analysis of the labor legislation of the European Economic Community and Spain, the government decided that the minimum that could be required had been reached, and on some specific points even exceeded." As for the reduction of Social Security contributions for next year, they stated that the issue is not yet closed, and there will still be more budget meetings Monday and Tuesday. Among these meetings will be those between Minister Solchaga and the UGT and the CEOE. In addition, Manuel Chavez, who is in charge of social affairs on the PSOE executive board, asserted that the AES has been followed to a very considerable degree.

Chaves stated that "the CEOE sees compliance with the AES with a clearly political bias that will accentuate as the elections approach. The CEOE says that the AES is a dead letter, but that is simply its political desire, not objective reality." The PSOE thus is still unable to respond--taking refuge once again behind the shield of "politicization"--to the CEOE's specific accusations of failure to comply with the AES.

8926

CSO: 8148/0198

ENERGY

PORTUGAL

1984 ENERGY PRODUCTION STATISTICS

Lisbon DIARIO DE NOTICIAS in Portuguese 10 Nov 85 p 6

[Text] In 1984, hydroelectric energy production in Portugal increased 21.3 percent over the previous year, according to a General Directorate of Energy publication to which the Portuguese news agency ANOP had access.

Hydroelectric power production went from 699,000 TEP (equivalent tons of petroleum) to 848,000 TEP in 1984.

The most significant difference in the supply of primary power in 1984 in relation to the previous year was the 19.6 percent growth in the utilization of national resources and the stabilization of the imported portion (up only 0.5 percent).

Of the imported component, petroleum, with 9.1 million TEP, represented 95 percent of the total. Electricity imports declined from 113,000 TEP in 1983 to 61,000 TEP last year.

The final demand for power remained almost the same (7,511,000 TEP in 1983 and 7,516,000 TEP in 1984), with a notable increase in coal consumption (from 278,000 to 319,000 TEP) and a 1.6 percent decline in the consumption of petroleum and gas (from 5,842,000 TEP to 5,749,000 TEP).

Overall production of electric power increased 7.02 percent between 1983 and 1984, from 18,166 gigawatts/hour (GWH) to 19,441 GWT, because of an increase in production of hydroelectric power from 8,131 to 9,836 GWH (up 21.26 percent), while thermoelectric power production declined from 10,035 to 9,581 GWH.

The negative balance of energy foreign exchange diminished in 1984, since Portugal imported less and exported more than in the previous year.

The power exchange deficit dropped from 1,314 to 711 GWH between 1983 and 1984; imports declined from 2,372 to 2,077 GWH and exports increased from 1,058 to 1,366 GWH.

The report of the General Directorate of Energy notes that the manufacturing industry and residential and service sectors accounted for 94.9 percent of total electric power consumption. Consumption by the manufacturing industry declined 2 percent and that of the household sector increased 12.5 percent. Consumption increased 13.9 percent in the service sector.

The report notes that domestic coal production increased from 185,228 tons to 194,196 tons, while coal imports rose 5.0 percent, reaching 551,024 tons last year.

Portugal's major coal suppliers in 1984 were the United States (about 222,000 tons), Poland (over 80,000 tons), Australia (about 55,000 tons), South Africa (about 50,000 tons) and Great Britain (about 47,000 tons).

Regarding petroleum consumption, crude petroleum imports declined 2.4 percent from 1983.

In 1984, Portugal imported 7,588,569 tons of petroleum, with a CIF value of about 245 million contos.

The major suppliers were Saudi Arabia (1.9 million tons), Iran (941,000 tons), Nigeria (850,900 tons), Iraq (797,000 tons) and the Arab Emirates (782,000 tons). Portugal imported 101,494 tons of petroleum from Angola.

6362

END

CS0: 3542/34

**END OF**

**FICHE**

**DATE FILMED**

17 JANUARY 1986